

# Intellectual Property Guide for Host Institutions

[Document subtitle]

Introduction .....	1
Disclosure and Assignment of Inventions.....	1
Reporting Invention Disclosures .....	1
Assignment of Inventions .....	2
Patenting and Other Intellectual Property Protection .....	4
In General .....	4
Reporting Patenting Information .....	4
Licensing of Inventions.....	4
In General .....	4
HHMI Review .....	5
Inter-Institutional Agreements .....	5
Research Tools and Software.....	6
Sharing Published Materials/Responsibilities of HHMI Authors .....	6
March-in Rights.....	7
Confidentiality .....	7
Licensing to Start-up Companies.....	7
Licensing of Unpatented Inventions.....	8
Transfer Processing Fees .....	8
Supply Provisions .....	8
Sharing Expenses and Income from Inventions with HHMI.....	8
Sharing Methods .....	8
Expense Sharing .....	9
Requesting Payment of Expenses from HHMI .....	9
Royalty Sharing with HHMI Inventors .....	10
Royalty Sharing with HHMI .....	10
Management Fees.....	14
Royalties in the Form of Securities .....	14
Research Funding in Connection with Licenses .....	15
Abandonment of Inventions/Ceasing Commercialization Efforts .....	15
APPENDIX A: Confirmation of Assignment.....	A-1
APPENDIX B: Appointment of HHMIM Laboratory Head as Agent.....	A-3
APPENDIX C: Required HHMI License Provisions Standard Language .....	A-4
APPENDIX D: Illustration of Calculation of HHMI's Share of Costs and Royalty Income	

Relating to Inventions Using the Proportional Method .....	A-8
APPENDIX E: Illustration of Calculation of HHMI's Share of Costs and Royalty Income Relating to Inventions Using the Equal Sharing Method.....	A-10
APPENDIX F: Illustration of Calculation of HHMI's Share of Royalty Income Relating to Inventions Using the Revenue-Only Sharing Method .....	A-11

## Introduction

HHMI enters into a collaboration agreement with each of its host institutions that governs the relationship between HHMI and the host (“Collaboration Agreement”). This guide focuses on one aspect of that relationship, namely, the disposition of intellectual property by employees of HHMI. The guide summarizes HHMI's policies and procedures with respect to:

- [disclosure and assignment of inventions](#);
- [patenting and other intellectual property protection](#);
- [licensing of inventions](#);
- [sharing expenses and income from inventions with HHMI](#); and
- [abandonment of inventions/ceasing commercialization efforts](#).

It provides basic information about HHMI's invention policies and procedures and should be used as a resource for handling all intellectual property arising from the work of HHMI employees. We also urge you to review the intellectual property and related provisions of the Collaboration Agreement for your institution and [HHMI's policy on Intellectual Property Protection and Licensing at Host Institutions](#). Please direct any questions you may have to the HHMI Attorney responsible for the HHMI Laboratory Heads at your institution (the “[HHMI Attorney](#)”), the HHMI MTA/License Review Attorney responsible for licensing documentation at your institution (the “[HHMI MTA/License Review Attorney](#)”), or to [ip@hhmi.org](mailto:ip@hhmi.org).

## Disclosure and Assignment of Inventions

**Reporting Invention Disclosures.** As described in this guide, HHMI has an interest in any invention or discovery that includes one or more inventor who is an HHMI employee. We instruct HHMI Investigators and Freeman Hrabowski Scholars (for purposes of this Guide, each an “HHMI Laboratory Head”) at your institution to report inventions and discoveries made by them or their laboratory personnel to your institution, in the manner prescribed by your institution. If you are not certain whether a particular inventor is an HHMI employee, please email [ip@hhmi.org](mailto:ip@hhmi.org) for confirmation.

When you receive an HHMI invention disclosure, you should send a copy by [e-mail](#) or by mail to the following address:

Howard Hughes Medical Institute  
Attn: OGC  
4000 Jones Bridge Road  
Chevy Chase, MD 20815-6789

The following information should be reported:

- Notice of the HHMI invention in the form of a copy of the disclosure form,

a provisional patent application, or other descriptive information, such as a manuscript. If a manuscript is provided as the HHMI invention disclosure, the inventors (as distinct from the authors) must be clearly identified;

- If you are aware that scientists at other institutions are or could be co-inventors, the names and institutions of those other scientists;
- The disclosure date;
- The invention number your institution has assigned to the HHMI Invention;
- Whether your institution plans to patent the HHMI Invention;
- Whether your institution considers the HHMI Invention to be, or to include, a research tool; and
- If you are using the "proportional" method for sharing costs and revenues or the "revenue-only" sharing method (see [Sharing Methods](#)), the preliminary determination of HHMI's share, including the relative contributions of each inventor if under your institution's policies all inventors are not treated as having contributed equally.

**Assignment of Inventions.** Laboratory personnel who are HHMI employees sign an agreement when they are hired assigning to HHMI their rights in all inventions they make during the course of their HHMI employment. HHMI has agreed in the Collaboration Agreement with your institution to assign to your institution HHMI's rights in intellectual property, whether or not patentable or copyrightable, resulting from the research (alone or with others) of HHMI employees, including HHMI Laboratory Heads, who are covered by the collaboration agreement ("HHMI Inventions"). HHMI's assignment of rights in HHMI Inventions is subject to a retained paid-up, non-exclusive, irrevocable, worldwide license to exercise any intellectual property rights with respect to the HHMI Invention for research purposes (the "HHMI Research Use License") and the right to use HHMI Inventions that are images for any purpose consistent with HHMI's mission ("Image Use License"). Unless HHMI agrees otherwise, the HHMI Research Use License is sublicensable to nonprofit and governmental entities. The Image Use License is a sublicensable right to reproduce, distribute, and otherwise use any HHMI Inventions consisting of photographs or other images for any purpose consistent with HHMI's biomedical research and science education missions.<sup>1</sup> Please note that a host institution may not assign or grant ownership rights in an HHMI Invention to any third party without HHMI's prior written approval. HHMI will not grant approval except in exceptional circumstances, and any such approval will not relieve your institution of its obligations to HHMI under your

---

<sup>1</sup> Please note that this guide describes HHMI's retained rights under current Collaboration Agreements. HHMI's retained rights in intellectual property disclosed to HHMI under prior collaborative arrangements between HHMI and host institutions are as described in those agreements.

institution's Collaboration Agreement with HHMI.

Rights in HHMI Inventions are conveyed from the HHMI inventor(s) to HHMI and from HHMI to your institution through the following three steps:

1. Upon receipt of notice of an HHMI Invention, HHMI sends to each inventor who was an HHMI employee when they contributed to the HHMI Invention (each an "HHMI Inventor") the [Confirmation of Assignment](#) form by which the employee confirms the previous assignment of their interest in the HHMI Invention to HHMI. A form of the HHMI confirmation of assignment is found in [Appendix A](#). HHMI does not send assignments to inventors who were not HHMI employees when they made their inventive contribution. Each HHMI Inventor executes the HHMI confirmation of assignment and returns it to HHMI.
2. After HHMI receives executed confirmations of assignment from each HHMI employee/inventor, HHMI sends an [Appointment of HHMI Laboratory Head as Agent](#) form to the lead HHMI Laboratory Head on the HHMI Invention. A form of appointment used for this purpose is found in [Appendix B](#). This document appoints the HHMI Laboratory Head as HHMI's agent for purposes of assigning HHMI's interest in the HHMI Invention to your institution, subject to HHMI's retained rights. A representative of your office receives a copy of the Appointment of HHMI Laboratory Head as Agent correspondence as well as all of the inventors' original confirmations of assignment.
3. HHMI advises the HHMI Laboratory Head who has been appointed HHMI's agent for this purpose that the HHMI Laboratory Head is authorized to execute any assignment of the HHMI Invention in connection with your institution's application for a patent, in such a manner as to convey HHMI's interest in the HHMI Invention to your institution, subject to HHMI's retained rights. In particular, the HHMI Laboratory Head is instructed to note that they are executing the assignment on behalf of the Howard Hughes Medical Institute. It is important that the assignment document you use correctly identifies the HHMI Laboratory Head as an employee of HHMI and accurately reflects HHMI's retained rights. We recommend that you work with your patent counsel to ensure that assignment documents prepared for execution by HHMI Laboratory Heads are in an appropriate form and provided at the appropriate time.
  - Note: If you notify HHMI that an HHMI Invention is not expected to be the subject of a patent application, HHMI will execute an assignment directly to your institution after it has collected confirmations of assignment from the HHMI Inventor(s). HHMI will also execute an assignment directly to your institution when the HHMI Laboratory Head/Inventor is no longer an employee of HHMI or has left your institution, or when no HHMI Laboratory Head is an inventor on the HHMI Invention. In these situations, you should not ask the HHMI Laboratory Head/Inventor to execute an assignment to you unless you have reviewed the circumstances with the [HHMI Attorney](#) in advance.

- Note: HHMI will accommodate requests by your institution to delay the start of its assignment process, for example if more time is needed after the invention disclosure is filed to identify all of the inventors. It is possible that, after completion of HHMI's assignment process, you may discover that there were additional HHMI Inventors. In that situation, please contact the [HHMI Attorney](#) to discuss what additional steps need to be taken to assure that all of HHMI's rights in the HHMI Invention have been assigned properly to your institution.

## **Patenting and Other Intellectual Property Protection**

**In General.** Under HHMI's Collaboration Agreements with its host institutions, the host institution generally has responsibility for making decisions about pursuing, maintaining, and enforcing patent, copyright or other intellectual property rights in HHMI Inventions arising at the site.

**Reporting Patenting Information.** HHMI does not require that you provide copies of most documents generated in the course of prosecuting the patent. You need to report only the following information (by emailing [ip@hhmi.org](mailto:ip@hhmi.org)) in connection with each patent filing:

- The invention number your institution has assigned to the HHMI Invention;
- The type of application (CIP, CON, PROV, etc.), the application number, the date of filing, and the title of the HHMI Invention as shown on the patent application. (There is no need to submit a copy of the patent application.) If the HHMI Invention is related to one or more other HHMI Inventions, please provide the name(s) of and your invention number(s) for the other HHMI Invention(s);
- For each patent application, information on whether a foreign patent application will be filed;
- Notice of the abandonment of a patent application or issued patent; and
- If a patent issues, the date of issuance and the number of the issued patent.

HHMI will sign a small entity statement upon request.

## **Licensing of Inventions**

**In General.** HHMI is not a party to, and does not sign, licenses of HHMI Inventions. Under HHMI's Collaboration Agreement with your institution, you generally have

responsibility for negotiating, implementing, and overseeing such licenses in a manner consistent with HHMI policies. Your institution is obligated to include certain provisions for HHMI's benefit in any license of an HHMI Invention, including evaluation licenses. See [Appendix C](#) for language acceptable to HHMI for the provisions required by HHMI. Host institutions should contact the [HHMI MTA/License Review Attorney](#) with any questions about what provisions for the benefit of HHMI should be included in any license of an HHMI Invention to a nonprofit organization. HHMI generally will defer to your institution on license provisions, other than HHMI's required provisions, as long as such terms are otherwise consistent with HHMI policies; for example, HHMI will defer to your institution on the appropriate amount and timing of payment of consideration for a license, but will object to provisions obligating HHMI laboratories to disclose or discuss future research results or materials before they are published or otherwise become generally available.

Consistent with HHMI's commitment to making the results of its research available for public benefit, HHMI expects that in most cases an HHMI Invention will be licensed to a company only in expectation of, or following, public disclosure of the HHMI Invention, for example, in a scientific talk or presentation, in a scholarly publication, or in a filed patent application.

**HHMI Review.** Unless other arrangements have been specifically agreed to with HHMI, HHMI expects you to send to [ip@hhmi.org](mailto:ip@hhmi.org) a close-to-final draft license of any HHMI Invention prior to execution, with sufficient time for HHMI's review to confirm that the HHMI-required provisions have been included and to ensure that it otherwise complies with HHMI policies. HHMI will confirm to you that the license complies with HHMI's policies and contains the required provisions. If any substantive changes are made to the license after the host institution has received HHMI's confirmation, you should send the revised license to HHMI before it is executed so that HHMI can confirm that the revised license continues to comply with HHMI's policies. If a proposed license includes a form of material transfer agreement ("MTA") that is required to be used in transferring materials covered by the license to third parties, the form MTA also must be sent to the [mta@hhmi.org](mailto:mta@hhmi.org) for review. You are also expected to email a copy of the final license after it has been signed by all parties to [ip@hhmi.org](mailto:ip@hhmi.org).

**Inter-Institutional Agreements.** HHMI requires that your institution take the lead on commercialization of HHMI Inventions. However, in appropriate circumstances, for example when another institution has made an inventive contribution toward an HHMI Invention, with HHMI's prior approval, your institution may enter into an inter-institutional agreement ("IIA") with other nonprofit organizations or government agencies that have an interest in an HHMI Invention, and the IIA may provide that an organization or agency other than the host institution will take the lead on commercialization. In this situation, the IIA must provide that the lead organization or agency will include HHMI's required license provisions in any license of the HHMI Invention and permit the host institution to submit a close-to-final draft of any such license to HHMI for review prior to execution to confirm HHMI's required provisions are in the license and to otherwise ensure that such license is consistent with HHMI policies. HHMI has developed Uniform



Provisions for Inter-Institutional Agreements that include HHMI's required terms for IIAs. The host institution is required to send to [ip@hhmi.org](mailto:ip@hhmi.org) a close-to-final draft of the IIA to HHMI for review to allow HHMI to confirm that that HHMI's Uniform Provisions for Inter-Institutional Agreements are incorporated into the IIA and that the IIA otherwise complies with HHMI's policies.

**Research Tools and Software.** Consistent with the NIH guidelines on obtaining and disseminating research resources, HHMI expects its host institutions to ensure that unique research resources arising in HHMI laboratories are made available to the scientific research community on reasonable terms and in a manner that enhances their widespread availability. HHMI research tools must be made available to scientists at academic and nonprofit organizations either for free or at a low cost, and with no reach-through rights or claims of ownership extending beyond the original materials, progeny, and unmodified derivatives. HHMI recognizes that in some cases, broad distribution of an HHMI research tool may require obtaining rights from third parties who have rights in components of the research tool or techniques used to make the research tool, or combining the HHMI research tool with other resources in which third parties have proprietary rights. HHMI expects that you will work with the third parties in an effort to allow availability of the tool in a manner consistent with HHMI policy. When a host institution licenses on an exclusive basis a research tool developed in an HHMI laboratory, the host must retain rights to make the research tool available to the academic and nonprofit research community on terms that are consistent with HHMI policy and expressly reference HHMI's retained research use rights in the license agreement.

HHMI presumes that most software developed in its laboratories ("HHMI software") will be useful as a research tool. As a consequence, HHMI strongly encourages its host institutions and HHMI Laboratory Heads to provide HHMI software to academic and nonprofit laboratories for free or at minimal cost, preferably by making the source code available in a manner that permits the recipient to modify it for non-commercial purposes. Because the need for substantial investment in development costs, which often justifies the grant of exclusive licenses in the biotech and pharmaceutical industries, is much reduced in the software area, HHMI expects that exclusive licenses of HHMI software to a company will be rare. If there is such a license, HHMI expects that the software will be made available to scientists at academic and nonprofit organizations at no or low cost and without reach-through rights or other restrictive terms. In addition, if you propose licensing HHMI software exclusively to a company, HHMI expects you to consider whether improvements made in the software by the licensee company should also be made available for research purposes to scientists at academic and nonprofit organizations at a reasonable cost and without reach-through rights or other restrictive terms.

Please refer to [HHMI's Intellectual Property Protection and Licensing at Host Institutions policy](#) for more information about licensing research tools and software developed in HHMI laboratories. Questions about HHMI's policies in this area should be directed to the [HHMI Attorney](#).

**Sharing Published Materials / Responsibilities of HHMI Authors.** Under [HHMI's Sharing Published Materials / Responsibilities of HHMI Authors policy](#), HHMI Laboratory Heads are expected to make data, software, and tangible research materials that are integral to their publications available for use by other academic and nonprofit scientists on reasonable terms. Unless otherwise agreed to by HHMI, data, software, and tangible research materials should be licensed to others only on a non-exclusive basis to ensure that the HHMI Laboratory Head will be able to fulfill his or her obligations under [HHMI's sharing policy](#). If you propose to license on an exclusive basis data, software, or tangible research materials that have been published by an HHMI Laboratory Head, HHMI generally will require you to show in advance how the HHMI Laboratory Head will be able to fulfill his or her obligations under [HHMI's sharing policy](#). Questions about [HHMI's sharing policy](#) should be directed to the [HHMI Attorney](#).

**March-in Rights.** Under its Collaboration Agreements with your institution, HHMI retains march-in rights with respect to HHMI Inventions. In general, this retained right permits HHMI to require licensing or distribution of an HHMI Invention where necessary to meet the needs of public health or safety if, in HHMI's judgment, your institution has not taken effective steps within a reasonable time to achieve practical application of an HHMI Invention. You should expect that HHMI will not exercise its march-in rights unless it is clear that your institution has not made a good-faith effort to license an HHMI Invention to an appropriate licensee.

**Confidentiality.** Unless otherwise required by law, it is HHMI's practice to maintain in confidence the information included in disclosures of and patent applications for HHMI Inventions, and any confidential information provided to HHMI by your institution about the patenting or licensing of such HHMI Inventions, until that information becomes public or you inform us that the information need not be treated as confidential. If HHMI receives a subpoena or other legal request to provide the information to a third party, to the extent possible, HHMI will consult with your institution before responding.

**Licensing to Start-up Companies.** HHMI policies do not bar licensing to start-up companies where such a strategy appears to be an appropriate approach for commercializing the HHMI Invention in question. If you are considering licensing an HHMI Invention to a newly formed company that is being established to develop the HHMI Invention, you should work closely with your [HHMI Attorney](#) to ensure that the arrangements are consistent with HHMI policies. For example, [HHMI consulting policies](#) place restrictions on the nature and scope of services that an HHMI Laboratory Head can perform for a commercial company, as well as the total equity the HHMI Laboratory Head can own in the company at various times. In addition, HHMI's policies preclude a start-up company for which an HHMI Laboratory Head consults or in which the HHMI Laboratory Head owns more than 5 percent of the equity from providing funding in support of the HHMI Laboratory Head's laboratory, and HHMI considers on a case-by-case basis proposals for an HHMI Laboratory Head to receive funding from a company that the HHMI Laboratory Head founded and in which they own 5 percent or less of the equity. These HHMI policies must be taken into account in structuring any transactions

with a start-up company that involve an HHMI Laboratory Head or an HHMI Invention. See [HHMI's policy on Consulting for and Equity Ownership in Start-Up and other Private Companies](#) and [Start-Up Handbook](#) for further information on these matters.

**Licensing of Unpatented Inventions.** You may wish to commercialize HHMI Inventions that have been publicly disclosed but that have not been and will not be patented. Although HHMI typically is entitled to receive a share of all revenue attributable to an HHMI Invention (see [Royalty Sharing with HHMI](#)), if the fee earned for the license or other transfer of such an HHMI Invention is \$5,000 or less, and your institution intends to direct the full amount to the laboratory in which the HHMI Invention was developed, HHMI generally will not object and will claim no share of the fee. Fees earned in excess of \$5,000 for such HHMI Inventions generally will be subject to the income-sharing arrangements set forth below, regardless of whether the transaction is cast as a license, material transfer, gift, bailment, or otherwise. In addition, HHMI reserves the right to require revenue-sharing with HHMI in cases where your institution establishes a program of licensing HHMI Inventions at a fee of \$5,000 or less per license, and proposes to direct the full amount of each license to the laboratory in which the HHMI Invention was developed.

**Transfer Processing Fees.** As provided in [HHMI's Sharing Published Materials / Responsibilities of HHMI Authors policy](#), HHMI Laboratory Heads may at their discretion request or require that scientists requesting materials reimburse the providing HHMI Laboratory Head's laboratory for costs directly associated with filling the request, such as postage, packaging, and cost of reproducing the materials (but not overhead, profit, or a pro rata share of the costs of research). Similarly, your institution may impose a modest processing fee on transfers of materials from the laboratories of HHMI Laboratory Heads. Provided that the fee is retained by the laboratory or a host facility that paid costs that the fees are intended to cover, these processing fees are considered to be in the nature of an administrative charge rather than licensing revenue. Generally, host institution processing fees of more than \$5,000 per transfer are not considered modest.

**Supply Provisions.** HHMI laboratories should not serve as production facilities for research materials needed by companies. Accordingly, a commercial license of research materials should not call for multiple shipments of materials from the HHMI laboratory.

## Sharing Expenses and Income from Inventions with HHMI<sup>2</sup>

**Sharing Methods.** The terms of HHMI's Collaboration Agreement with your institution determine whether, and, if so, the extent to which HHMI shares the costs of protecting intellectual property rights in HHMI Inventions, as well as HHMI's share of royalty income. There are three possible sharing methods: proportional, equal, and revenue-

---

<sup>2</sup>If you have signed more than one HHMI Collaboration Agreement, please refer to the Collaboration Agreement in effect at the time the intellectual property was disclosed to you to determine the appropriate method for sharing expenses and income for that intellectual property.

only. You should review your institution's HHMI Collaboration Agreement to ascertain which method applies to your institution.

- **Proportional Sharing Method:** Under the “proportional” sharing method, HHMI's share of costs and Net Royalty Income (as defined in the Collaboration Agreement for your institution and described generally in [Royalty Sharing with HHMI](#)) is equal to one-half of the aggregate percentage contribution of the HHMI Inventor(s) to the HHMI Invention. If this percentage is not known initially, HHMI will assume that all inventors contributed equally to the HHMI Invention for purposes of determining HHMI's proportional share. If the allocation among inventors subsequently changes, the HHMI percentage should be adjusted accordingly and costs and income should be allocated, as appropriate, to reflect the revised percentage. An illustration of the calculation of HHMI's share under this method is found in [Appendix D](#).
- **Equal Sharing Method:** Under the “equal” sharing method, HHMI's share of costs and Net Royalty Income (as defined in the Collaboration Agreement for your institution and described generally in [Royalty Sharing with HHMI](#)) is equal to one-half, regardless of the contribution of HHMI Inventors to the HHMI Invention. An illustration of the calculation of HHMI's share under this method is found in [Appendix E](#).
- **Revenue-only Sharing Method:** Under the “revenue-only” sharing method, your institution bears all of the costs incurred in commercializing HHMI Inventions. Once Net Royalty Income (as defined in the Collaboration Agreement for your institution and described generally in [Royalty Sharing with HHMI](#)) exceeds \$100,000, HHMI's share of income is equal to 10 percent of one-half of the aggregate percentage contribution of the HHMI Inventor(s) to the HHMI Invention. Under this method, your institution retains a much greater share of income. An illustration of the calculation of HHMI's share under this method is found in [Appendix F](#).

**Expense Sharing.** If your institution selected the “proportional” or “equal” sharing method in its Collaboration Agreement with HHMI, then HHMI shares the reasonable out-of-pocket costs of protecting intellectual property rights in HHMI Inventions as described above. Out-of-pocket costs of protecting intellectual property rights in HHMI Inventions may include items such as patent attorneys' fees and filing fees associated with obtaining, protecting, maintaining, and preserving patent rights and copyrights. If your institution selected the “revenue-only” sharing method, then as between your institution and HHMI, your institution is responsible for all of the costs of commercializing HHMI Inventions, including costs of obtaining, protecting, maintaining, and preserving patent rights and copyrights, and costs of licensing patents, copyrights and related property rights (including attorneys' fees and associated litigation and court costs).

**Requesting Payment of Expenses from HHMI.** Unless other arrangements have been made, requests for payment from HHMI should be sent by [email](#) to the attention of the [HHMI Intellectual Property Business Analyst](#). You should prepare and attach to your request a summary of the invoices or other documentation associated with the costs incurred for all HHMI Inventions; you should not send copies of the underlying invoices or documentation unless HHMI requests that you do so. On the summary, please list:

- the invention number your organization has assigned to the HHMI Invention;
- the invention number HHMI has assigned to the HHMI Invention;
- the total costs incurred for the HHMI Invention with respect to which reimbursement is sought;
- the period in which the expenses were incurred;
- the share of the total costs incurred for the HHMI Invention that is sought from HHMI (i.e., HHMI's percentage share of the total); and
- the invoice number or numbers for the law firm or other invoices or documentation giving rise to the costs.

You should retain the underlying invoices and other documentation associated with the costs incurred. HHMI reserves the right to seek additional documentation from you if we have any questions or need to audit our payments to you.

Unless you have made other arrangements with HHMI, you should invoice HHMI no less frequently than twice per calendar year. If bills are presented more than one year after the expenses were incurred, HHMI generally will not pay them. If you have questions about the form or frequency of requests for payment from HHMI, please contact the [HHMI Intellectual Property Business Analyst](#).

**Royalty Sharing with HHMI Inventors.** The share of royalty income, which includes royalties, up-front payments and maintenance, milestone and other fees, to which an HHMI Inventor is entitled is determined under your institution's royalty-sharing policies; those policies should be applied to inventors who are employees of HHMI in the same manner and to the same extent as they are applied to inventors who are employees of your institution. In general, HHMI expects your institution to recoup its and HHMI's out-of-pocket costs, and reimburse HHMI for its out-of-pocket costs (if any), before it makes any distributions of income to inventors, whether or not they are HHMI employees.

**Royalty Sharing with HHMI.** HHMI generally regards any consideration paid to your institution in connection with the commercialization of an HHMI Invention, regardless of what the payment is called, as royalty income subject to sharing with HHMI. This includes royalties, up-front payments (including management fees received from others if your institution is leading the commercialization effort with respect to an invention

owned jointly with others) and maintenance, milestone, and other fees but does not apply to payments that are not consideration for the license, such as support provided by a licensee for additional research (any such funding for research in an HHMI laboratory is subject to [HHMI's policy on Company Funding Arrangements - Host-based Sites](#)). In addition, as noted above (see [Licensing of Unpatented Inventions; Transfer Processing Fees](#)), there are exceptions in certain circumstances where a fee of \$5,000 or less is charged.

The share of royalty income to which HHMI is entitled is determined by the sharing method reflected in the Collaboration Agreement for your institution (see [Sharing Methods](#)).

- If your Collaboration Agreement has the “proportional” sharing method, HHMI’s share of Net Royalty Income generally is equal to one-half of the aggregate percentage contribution of the HHMI Inventor(s) to the HHMI Invention; HHMI's share of Net Royalty Income is the same as its proportional contribution to costs. The Collaboration Agreement for your institution includes the definition of “Net Royalty Income” to be used for calculations under this method; generally, under this method, Net Royalty Income includes any royalty income less only the permitted deductions described in the Collaboration Agreement with your institution, such as (i) reasonable out-of-pocket costs of commercializing the HHMI Invention incurred by your host institution (and not borne by inventors or other third parties), (ii) the permitted management fee (see [Management Fees](#)), if any, and (iii) the inventors' shares of royalty income. An illustration of the calculation of HHMI's share under this method is found in [Appendix D](#).
- If your Collaboration Agreement has the “equal” sharing method, HHMI's share of “Net Royalty Income” is 50 percent. The Collaboration Agreement for your institution includes the definition of “Net Royalty Income” to be used for calculations under this method; generally, under this method, Net Royalty Income includes any royalty income less only the permitted deductions described in the Collaboration Agreement with your institution, such as (i) reasonable out-of-pocket costs of commercializing the HHMI Invention incurred by your host institution (and not borne by inventors or other third parties), (ii) the permitted management fee (see [Management Fee](#)), and (iii) the inventors' shares of royalty income. An illustration of the calculation of HHMI's share under this method is found in [Appendix E](#).
- If your Collaboration Agreement has the “revenue-only” sharing method, HHMI’s share of “Net Royalty Income” is 10 percent of one-half of the aggregate percentage contribution of the HHMI Inventor(s) to the HHMI Invention but only after Net Royalty Income is in excess of \$100,000. HHMI does not receive any royalty income associated with an HHMI Invention unless the Net Royalty Income for the invention exceeds \$100,000. The Collaboration Agreement for your institution includes the definition of “Net Royalty Income” to be used for calculations under this method; generally, under this method, Net Royalty Income



includes any royalty income relating to the HHMI Invention less only the permitted deductions described in the Collaboration Agreement with your institution, such as (i) reasonable out-of-pocket costs of commercializing the HHMI Invention incurred by your institution (and not borne by inventors or other third parties), and (ii) the permitted management fee (see [Management Fee](#)). Under this method, Net Royalty Income is calculated ***without any deductions for amounts paid to inventors under your institution's policies and procedures regarding an inventor(s)' share of royalty income***. An illustration of the calculation of HHMI's share under this method is found in [Appendix F](#).

HHMI expects that your institution will distribute to HHMI its share of income from a license as promptly as possible after your institution receives payment from the licensee (and, in the case of the revenue-only sharing method, as promptly as possible after your institution's obligation to share income with HHMI commences), given your standard schedule for making royalty distributions (e.g., quarterly). If you have questions about the form or frequency of remittances or reporting royalty income, please contact the [HHMI Intellectual Property Business Analyst](#).

Your institution is responsible for calculating the share of royalty income to which HHMI is entitled and providing HHMI with documentation in support of the calculation each time income is distributed to HHMI. The documentation should clearly show how HHMI's share was calculated in a manner that satisfies the Collaboration Agreement governing the payment. The supporting documentation should include<sup>3</sup>:

- the invention number assigned by HHMI to the invention and the corresponding invention number your organization has assigned;
- the name of the licensee that made the payment to you;
- the total amount received from the licensee giving rise to the payment to HHMI;
- the period in which the income was earned under the license;
- a description of the payment (e.g., upfront royalty, maintenance fee, milestone payment);
- the amount and a description of any out-of-pocket costs you deducted as reimbursements;
- the amount of any management or other fees you deducted (and how that amount was calculated, including any percentage used to calculate the fee), if such deductions are permitted by your Collaboration Agreement;

---

<sup>3</sup> When expenses are reimbursed to HHMI, instead of the information above, please provide supporting documentation that includes at least the invention number assigned by HHMI to the invention and the corresponding invention number your organization has assigned; the name of the licensee that made the payment to you; and the total amount received from the licensee giving rise to the payment to HHMI.

- the amount of any income distributed to other organizations under an inter-institutional agreement or similar agreement providing for revenue sharing with another organization (note that any such agreement should be reviewed and approved by HHMI in advance);
- the amount of any income distributed to inventors under your patent policy that you deducted (and how the amount was calculated, including any percentage used to calculate the inventors' share);
- HHMI's percentage share of the income; and
- the amount of HHMI's calculated share of the income.

For inventions subject to the "revenue-only" sharing method that have not resulted in a payment to HHMI, at least once each year you should send HHMI a worksheet with the information necessary to establish that Net Royalty Income has not exceeded \$100,000.

HHMI's preferred method of receiving royalty income and expense reimbursement payments is through Automated Clearing House (ACH) transfer. Please use the following instructions to remit payments to HHMI via ACH transfer:

Bank Name	Bank of America
Bank Address	Charlotte, NC
Bank Routing - (Domestic ACH)	053-000-196
Bank Account Number	237021740727
Bank Account Name	Howard Hughes Medical Institute 4000 Jones Bridge Road Chevy Chase, MD 20815

At the time of each ACH transfer, please note as the reference on the transmittal form the name of your institution and the payment type ("royalty income" or "patent expense reimbursement"), and send an email to the [HHMI Intellectual Property Business Analyst](#), copying [HHMI's Banking Office](#), with supporting documentation attached.

If making a royalty income or expense reimbursement payment through ACH is not practicable, you may instead send a check made payable to "Howard Hughes Medical Institute" to the following address:

Howard Hughes Medical Institute  
Attn: OGC  
4000 Jones Bridge Road  
Chevy Chase, MD 20815-6789

Supporting documentation for the payment by check still should be sent by [email](#) to the [HHMI Intellectual Property Business Analyst](#). If you have questions about remitting



payments to HHMI, please contact the [HHMI Intellectual Property Business Analyst](#).

Please note that (except as discussed in [Licensing of Unpatented Inventions](#)) HHMI's share of royalty income is payable to HHMI as an institution and is not to be returned either in whole or in part to the inventor's laboratory without HHMI's express approval. If your institution's policy provides for a portion of royalties to be directed to the inventor's laboratory, this amount may be paid to the laboratory from your institution's institutional share; HHMI's institutional share is not reduced. Contact your [HHMI Attorney](#) if you have questions about distribution of license proceeds in a particular case.

Please also note that HHMI's share of royalty income is not to be reduced to take into account revenue-sharing requested by other research funders, such as nonprofit foundations, unless HHMI has specifically agreed to the reduction. Contact your [HHMI Attorney](#) if you have questions about revenue-sharing with other research funders.

**Management Fees.**<sup>4</sup> Management fees (i.e., fees for licensing and management of patents, patent applications, and other intellectual property rights in HHMI Inventions) may be charged for intellectual property disclosed to HHMI under some Collaboration Agreements. If your Collaboration Agreement allows your institution to take a management fee, the Collaboration Agreement will limit the amount of management fees that host institutions or their affiliates may deduct from the total royalty income relating to the HHMI Invention (see [Royalty Sharing with HHMI](#)). If your Collaboration Agreement allows your institution to take a management fee, generally, your institution may deduct from the total royalty income received in connection with commercialization of an HHMI Invention a reasonable management fee, not to exceed the lower of (i) 15 percent of the royalty income for an HHMI Invention remaining after deducting your institution's reasonable out-of-pocket costs in commercializing the invention, and (ii) \$10,000. The deduction for a reasonable management fee applies on an invention-by-invention basis, and not on a license-by-license basis, which means that the deduction for a reasonable management fee applies to an HHMI Invention only once regardless of how many times it is licensed. If the HHMI Invention is subject to an IIA that provides for another organization or agency to take the lead on commercialization, HHMI will permit the lead organization or agency to take a reasonable management fee.

**Royalties in the Form of Securities.** Although HHMI recognizes that a host institution may accept securities as consideration for a license, to avoid the possible conflict of interest (actual or apparent) that can arise from holding stock in a licensee company, HHMI does not accept its share of licensing consideration in the form of securities. Instead, if your institution accepts securities as consideration for a license, it should notify HHMI of the fact, retain all of the securities, and only distribute to HHMI its share of any cash proceeds after receipt of those proceeds (for example, cash dividends and sale proceeds). Specifically, HHMI's procedures regarding the securities held by your institution and attributable to HHMI under the royalty sharing arrangements noted above ("HHMI Securities") are as follows:

---

<sup>4</sup> If you have signed more than one HHMI Collaboration Agreement, please refer to the Collaboration Agreement in effect at the time the HHMI Invention was disclosed to you to determine whether a management fee can be charged for licenses of such HHMI Invention.

- The HHMI Securities are issued to and held by your institution, which notifies HHMI of its acceptance of the HHMI Securities. HHMI at no time has custody or voting rights of the HHMI Securities, and HHMI has no role, formal or informal, in deciding whether or when to dispose of the HHMI Securities;
- Your institution decides whether and when to dispose of the HHMI Securities according to its own internal rules and in the context of its own investment strategy; and
- HHMI has an income interest in any cash arising from the HHMI Securities, whether in the form of dividends, distributions or sale proceeds. You will notify HHMI of any dividend, distribution or sale and promptly distribute the cash to HHMI.

You should contact your [HHMI Attorney](#) if you have questions relating to the receipt of securities.

**Research Funding in Connection with Licenses.** HHMI recognizes that a commercial licensee may provide research funding to an academic laboratory in connection with a license of intellectual property developed in that laboratory. Company funding of research in an HHMI laboratory is permitted only in accordance with [HHMI's Company Funding Arrangements - Host-based Sites policy](#). A license to a company that is supporting research in an HHMI lab may convey rights in existing technology, but cannot provide rights to the company in any intellectual property that may arise from future research, including any future research funded by the company. The rights granted to a company in intellectual property that may arise from research supported by the company should be covered in the research or funding agreement and must be consistent with [HHMI's company funding policy](#). You should contact your [HHMI Attorney](#) if you have questions about research funding in connection with a license.

### **Abandonment of Inventions/Ceasing Commercialization Efforts**

If your institution decides to abandon all efforts to protect, maintain, or commercialize intellectual property rights in an HHMI Invention, you should notify HHMI by emailing [ip@hhmi.org](mailto:ip@hhmi.org) to provide an opportunity for HHMI to assert rights in the HHMI Invention. HHMI ordinarily will decline to assert rights, and in those instances will provide written confirmation to that effect on request.

If your institution proposes to release an HHMI Invention to the inventor(s), it should also notify HHMI by emailing [ip@hhmi.org](mailto:ip@hhmi.org) to provide an opportunity for HHMI to assert rights in the HHMI Invention. HHMI ordinarily will decline to assert rights beyond the HHMI Research Use License and Image Use License, which HHMI retains with respect to all Inventions. HHMI also asks that HHMI's indemnification language be included in any licenses of the HHMI Invention by the inventor(s). In addition, if your institution is receiving reimbursement and a share of any future income, HHMI also will expect to receive reimbursement and a share of future income in accordance with the terms of the

Collaboration Agreement. If a host institution proposes to release an HHMI Invention to any third party other than the inventor(s), the host institution should contact the [HHMI MTA/License Review Attorney](#) for guidance before entering into any such arrangement. Please note that you may not release an HHMI Invention to a third party without HHMI's prior written approval.

## **APPENDIX A: Confirmation of Assignment**

Confirmation of Assignment made \_\_\_\_ 20\_\_, by [inventor name] ("Inventor") to the Howard Hughes Medical Institute ("HHMI"), a Delaware corporation.

### Recitals

WHEREAS, Inventor is an employee of HHMI and, as a condition of [his/her] employment, has signed the Intellectual Property Assignment Agreement (the "Intellectual Property Agreement");

WHEREAS, pursuant to the Intellectual Property Agreement, Inventor (a) assigned to HHMI all rights [he/she] had in any intellectual property resulting from research by HHMI employees, alone or with others, whether or not patentable or copyrightable, and whether funded in whole or in part by HHMI (each a "Subject Property") and (b) agreed to execute any agreements that may be desired by HHMI in connection with such assignment;

WHEREAS, Inventor has, alone or with others, invented "[Invention title]" which may be the subject of a patent application (the "Invention"), and the Invention is a Subject Property; and

WHEREAS, Inventor seeks to confirm the assignment of [his/her] interest in the Invention to HHMI, and HHMI desires the execution of a confirmatory assignment of all of Inventor's right, title, and interest in the Invention.

NOW, THEREFORE, in consideration of the promises contained in and the acts performed and to be performed pursuant to the Intellectual Property Agreement and of other good and valuable consideration, the receipt of which is hereby acknowledged by Inventor, Inventor agrees as follows:

1. Assignment. Inventor hereby confirms the assignment to HHMI of [his/her] entire right, title, and interest in the Invention; any United States patent applications and all corresponding foreign patent applications which are directed to the Invention and any and all patents issued therefrom; all United States or foreign division and continuation applications based on any of the foregoing, and any and all patents issued therefrom; and all claims which are directed to the Invention and which may be contained in continuation-in-part applications or in patents which issue therefrom.

2. Cooperation. Inventor further confirms that Inventor agreed to execute upon request such further confirmatory assignments, documents, and other instruments as may be requested by HHMI in connection with the Invention, and to assist HHMI (or others at the direction of HHMI) in applying for, obtaining, and enforcing patents, copyrights, or other rights in the United States and in any foreign country with respect to the Invention.

3. Parties. The terms and provisions of this Assignment shall inure to the benefit of HHMI and its successors and assigns and shall be binding on Inventor and [his/her] heirs, personal representatives, successors and assigns.

4. Warranty. Inventor warrants and represents that [he/she] has not entered into any assignment, contract, or understanding in conflict herewith.

Inventor: \_\_\_\_\_  
[Inventor Name]

Witness: \_\_\_\_\_ Date: \_\_\_\_\_

Witness: \_\_\_\_\_ Date: \_\_\_\_\_

[HostInventionNum]  
[HHMIInventionNum]

## **APPENDIX B: Appointment of HHMI Laboratory Head as Agent**

Appointment by the Howard Hughes Medical Institute ("HHMI") of [HHMI Laboratory Head Name], an employee of HHMI, as its agent for the purpose of assigning certain rights to [Host] ("Institution").

WHEREAS, HHMI and Institution collaborate in the active conduct of medical research pursuant to an Agreement between them dated as of [Date] (the "Agreement");

WHEREAS, pursuant to the Agreement, HHMI has agreed to assign to Institution HHMI's rights in Subject Property (as defined in the Agreement) in accordance with and subject to the conditions of the Agreement;

WHEREAS, research conducted pursuant to the Agreement by [HHMI Laboratory Head Name] while employed by HHMI at Institution has resulted in the invention of a certain Subject Property entitled "[Invention title]," which may be the subject of a patent application (the "Invention"), and the Invention is a Subject Property; and

WHEREAS, HHMI wishes [HHMI Laboratory Head Name] to act as its agent for the purpose of assigning to Institution the rights HHMI has in the Invention by reason of the research program conducted at Institution,

NOW, THEREFORE, HHMI hereby appoints [HHMI Laboratory Head Name] as its agent for the purpose of assigning the rights HHMI has or may acquire in the Invention to Institution in accordance with and subject to the conditions of the Agreement.

Executed \_\_\_\_\_, 20[YY]

HOWARD HUGHES MEDICAL INSTITUTE

By: \_\_\_\_\_  
[Name of Vice President and Chief  
Scientific Officer]  
Vice President and Chief Scientific Officer

ATTESTED:

\_\_\_\_\_  
[Name of Vice President and General Counsel]  
Vice President and General Counsel

[HostInventionNum]  
[HHMIInventionNum]

## **APPENDIX C: Required HHMI License Provisions Standard Language**

Every license of an HHMI Invention must include provisions that conform to the following requirements.

### **Identification of HHMI Laboratory Heads**

If inventors are named in the license, HHMI Laboratory Heads and HHMI inventor/employees should be properly identified as employees of the Howard Hughes Medical Institute doing research at the HHMI laboratory at the Host Institution. The following is HHMI's model language:

The invention was made by Dr. \_\_\_\_\_, an employee of the Howard Hughes Medical Institute at its laboratory at the Host Institution.

### **HHMI Research License**

If a license grants any exclusive rights, the license must reflect the HHMI Research Use License. HHMI considers its retained research license to cover use of licensed technology in HHMI laboratories in any research, including research sponsored by commercial entities and research collaborations with commercial entities. The following is model language that is acceptable to HHMI:

Licensee acknowledges that it has been informed that the [licensed technology] was developed, at least in part, by employees of HHMI and that HHMI has a fully paid-up, non-exclusive, irrevocable, worldwide license to exercise any intellectual property rights with respect to the [licensed technology] for research purposes, with the right to sublicense to non-profit and governmental entities, but with no other rights to assign or sublicense (the "HHMI License"). This license is explicitly made subject to the HHMI License.

### **Scope of Rights**

The scope of rights granted under a license must be limited to technology that is already in being. The following is model "patent rights" language that is acceptable to HHMI:

"Patent rights" shall mean and include all of the following [host institution] intellectual property:

The United States patents and/or patent applications listed in Appendix A [to the license]; United States patents issued from the applications listed in Appendix A and from divisionals and continuations of these applications and any reissues of such United States patents; claims of continuation-in-part applications and patents directed to subject matter specifically disclosed in the United States patent and/or applications listed in Appendix A; and claims of all foreign patent

applications, patents, and other intellectual property which are directed to subject matter specifically disclosed in the United States patents and/or patent applications listed in Appendix A.

### **Indemnification Provision**

HHMI requires that it and its trustees, officers, employees, and agents be indemnified and held harmless by licensees against claims based on or arising out of the license. The following is the indemnification provision that HHMI **requires** in licenses:

The Howard Hughes Medical Institute ("HHMI"), and its trustees, officers, employees, and agents (collectively, "HHMI Indemnitees"), will be indemnified, defended by counsel acceptable to HHMI, and held harmless by [the licensee, sublicensee, or other contracting party] from and against any claim, liability, cost, expense, damage, deficiency, loss, or obligation, of any kind or nature (including, without limitation, reasonable attorneys' fees and other costs and expenses of defense) (collectively, "Claims"), based upon, arising out of, or otherwise relating to this [license, sublicense, or other contract or agreement], *[or the use, handling, storage, or disposition of the [material] by [scientist, licensee, its affiliates or sublicensees] or others who possess the [material] through a chain of possession leading back, directly or indirectly, to [scientist, licensee, its affiliates or sublicensees]]*, including without limitation any cause of action relating to product liability. The previous sentence will not apply to any Claim that is determined with finality by a court of competent jurisdiction to result solely from the gross negligence or willful misconduct of an HHMI Indemnitee. Notwithstanding any other provision of this [license, sublicense, or other contract or agreement], [the licensee, sublicensee, or other contracting party]'s obligation to defend, indemnify and hold harmless the HHMI Indemnitees under this paragraph will not be subject to any limitation or exclusion of liability or damages or otherwise limited in any way.

The italicized text regarding materials should be included if tangible research materials are being provided to the licensee under the license.

HHMI's indemnification must survive termination or expiration. Unless the license provides for survival of the indemnification provision elsewhere, the following should be added to the indemnification provision:

This provision shall survive any termination or expiration of this Agreement.

If the Licensee requires additional terms relating to the procedures for indemnifying HHMI, please contact the [HHMI MTA/License Review Attorney](#) for additional guidance.

### **Insurance**

HHMI asks for the same insurance protection as the Host Institution receives in any



license. This insurance protection should survive termination. The following is sample language that is acceptable to HHMI:

Licensee shall have the insurance coverage set forth below. Such coverage shall be purchased from a carrier or carriers having an A. M. Best rating of at least A- (A minus) and shall name the Host Institution and HHMI as additional insureds.

### **Arbitration**

HHMI does not permit the provisions in the license governing its rights to be subject to binding arbitration. Accordingly, if the licensee requires that all parties submit to binding arbitration, disputes relating to HHMI's rights must be carved out of the requirements. The following is model language to exclude HHMI's rights from a binding arbitration provision:

Notwithstanding the foregoing, no dispute affecting the rights or property of HHMI shall be subject to the arbitration provisions set forth above.

### **HHMI's Third-Party Beneficiary Status**

The license must describe HHMI's status and rights as a third-party beneficiary. This provision is normally included in the "Miscellaneous" section of a license and must survive termination or expiration. The following is the third-party beneficiary provision that HHMI **requires**:

HHMI is not a party to this Agreement and has no liability to licensee, any sublicensee, or any user of anything covered by this Agreement, but HHMI is an intended third-party beneficiary of this Agreement and certain of its provisions are for the benefit of HHMI and are enforceable by HHMI in its own name.

### **Survival**

If the license contains a separate section specifying which provisions survive termination or expiration, the provisions containing HHMI's indemnification and third party beneficiary status must be included as surviving.

### **Sublicenses**

HHMI expects sublicensees to be bound by the obligations contained in the sections of the license on indemnification, insurance and HHMI's third party beneficiary status. The following is sample language that is acceptable to HHMI:

Licensee shall have the right to grant sublicenses consistent with this Agreement, provided that each sublicense must be covered by a written agreement that contains obligations, terms and conditions in favor of HHMI and the HHMI

Indemnities that are substantially similar to those undertaken by [Licensee] in favor of HHMI and the HHMI Indemnities under this [Agreement], including, without limitation, the obligations, terms and conditions regarding indemnification, insurance and HHMI's third party beneficiary status.

### **Use of Name**

You are not required to include HHMI in use-of-name provisions. If HHMI is included, the following is model language that is acceptable to HHMI:

LICENSEE acknowledges that under HHMI policy, LICENSEE may not use the name of HHMI or of any HHMI employee (including Dr. [Investigator/Freeman Hrabowski Scholar Name]) in a manner that reasonably could constitute an endorsement of a commercial product or service; but that use for other purposes, even if commercially motivated, is permitted provided that: (1) the use is limited to accurately reporting factual events or occurrences, and (2) any reference to the name of HHMI or any HHMI employees in press releases or similar materials intended for public release is approved by HHMI in advance.

## **APPENDIX D: Illustration of Calculation of HHMI's Share of Costs and Royalty Income Relating to Inventions Using the Proportional Method\*\***

**Note:** Under the proportional sharing method, HHMI's percentage sharing of costs and royalty income is equal to one-half the aggregate percentage contribution of the HHMI Inventor(s) to the HHMI Invention. Under the proportional sharing method, HHMI's share of the costs of commercializing an HHMI Invention is determined in the same manner.

**The following examples are for purposes of illustration. Actual calculations of HHMI's share are based on "Net Royalty Income," a term that is defined in the Collaboration Agreement for your institution.**

Example 1. Assume that the HHMI Invention is invented solely by an HHMI Laboratory Head. HHMI's share of royalty income with respect to such HHMI Invention (after permitted deductions) would be 50%, one-half of the percentage (100% in this case) that fairly reflects the contribution of the HHMI Laboratory Head to the development of the HHMI Invention.

Example 2. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory Head (Dr. Hughes) and an investigator at the host institution who is not an HHMI employee (Dr. Host). Assume, further, that the two inventors agree that, based on their relative contributions to the development of the HHMI Invention, Dr. Hughes should receive 30% and Dr. Host should receive 70% of the inventors' share as determined under applicable Host University policies. HHMI's share of royalty income with respect to such HHMI Invention (after permitted deductions) would be 15%, one-half of the percentage (30%) that fairly reflects the contribution of the HHMI Laboratory Head to the development of the HHMI Invention.

Example 3. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory Head (Dr. Hughes), another HHMI employee in Dr. Hughes's laboratory, and an investigator at the host institution who is not an HHMI employee (Dr. Host). Assume, further, that the inventors agree that, based on their relative contributions to the development of the HHMI Invention, Dr. Hughes should receive 40%, the other HHMI employee should receive 20%, and Dr. Host should receive 40%, in each case of the inventors' share as determined under applicable Host University policies. HHMI's share of royalty income with respect to such HHMI Invention (after permitted deductions) would be 30%, one-half of the percentage (60%, the sum of the contributions of the two HHMI employees) that fairly reflects the contribution of the HHMI employees to the development of the HHMI Invention.

Example 4. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory

---

\*\* Some Collaboration Agreements permit management fees to be charged for HHMI Inventions disclosed to you while such agreements are in effect, and some Collaboration Agreements do not. If you have signed more than one HHMI Collaboration Agreement, please refer to the Collaboration Agreement in effect at the time the HHMI Invention was disclosed to you to determine whether a management fee can be charged for licenses of such HHMI Invention.

Head (Dr. Hughes) at Host University and by an investigator at a different academic institution, Other University, who is not an HHMI employee. Assume, further, that the inventors and the technology transfer offices of the two universities agree that, based on the relative contributions of each scientist to the development of the HHMI Invention, Host University owns a 70% share of the HHMI Invention and Other University owns a 30% share, and that all costs and royalties relating to the HHMI Invention will be shared between the two institutions in such proportions. HHMI's share of Host University's royalty income with respect to such HHMI Invention (after permitted deductions) would be 50%, one-half of the percentage (100%) that fairly reflects the contribution of Dr. Hughes to the development of the HHMI Invention at Host University.

## **APPENDIX E: Illustration of Calculation of HHMI's Share of Costs and Royalty Income Relating to Inventions Using the Equal Sharing Method<sup>††</sup>**

**Note:** Under the equal sharing method, HHMI's percentage sharing of costs and royalty income is equal to one-half. Under the equal sharing method HHMI's share of the costs is equal to one-half.

**The following examples are for purposes of illustration. Actual calculations of HHMI's share are based on "Net Royalty Income," a term that is defined in the Collaboration Agreement for your institution.**

Example 1. Assume that the HHMI Invention is invented solely by an Institute investigator. HHMI's share of royalty income with respect to such HHMI Invention (after permitted deductions) would be 50%.

Example 2. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory Head (Dr. Hughes) and an investigator at the host institution who is not an HHMI employee (Dr. Host). Assume, further, that the two inventors agree that, based on their relative contributions to the development of the HHMI Invention, Dr. Hughes should receive 30% and Dr. Host should receive 70% of the inventors' shares of royalty income as determined in applicable Host University policies. HHMI's share of royalty income with respect to such HHMI Invention (after permitted deductions) would be 50%.

Example 3. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory Head (Dr. Hughes), another HHMI employee in Dr. Hughes's laboratory, and an investigator at the host institution who is not an HHMI employee (Dr. Host). Assume, further, that the inventors agree that, based on their relative contributions to the development of the HHMI Invention, Dr. Hughes should receive 40%, the other HHMI employee should receive 20%, and Dr. Host should receive 40%, in each case, of the inventors' shares of royalty income as determined under applicable Host University policies. HHMI's share of royalty income with respect to such HHMI Invention (after permitted deductions) would be 50%.

Example 4. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory Head (Dr. Hughes) at Host University and by an investigator at a different academic institution, Other University, who is not an HHMI employee. Assume, further, that the inventors and the technology transfer offices of the two universities agree that, based on the relative contributions of each scientist to the development of the HHMI Invention, Host University owns a 70% share of the HHMI Invention and Other University owns a 30% share, and that all costs and royalties relating to the HHMI Invention will be shared between the two institutions in such proportions. HHMI's share of Host University's royalty income with respect to such HHMI Invention (after permitted deductions) would

---

<sup>††</sup> Some Collaboration Agreements permit management fees to be charged for HHMI Inventions disclosed to you while such agreements are in effect, and some Collaboration Agreements do not. If you have signed more than one HHMI Collaboration Agreement, please refer to the Collaboration Agreement in effect at the time the HHMI Invention was disclosed to you to determine whether a management fee can be charged for licenses of such HHMI Invention.

be 50%.

## **APPENDIX F: Illustration of Calculation of HHMI's Share of Royalty Income Relating to Inventions Using the Revenue-Only Sharing Method**

**Note:** Under the revenue-only sharing method, HHMI shares royalty income with the host institution only after the host institution's "Net Royalty Income," as defined in the Collaboration Agreement for your institution, exceeds \$100,000; Net Royalty Income is calculated without any reductions for the inventor(s)' share. HHMI's percentage sharing of Net Royalty Income is equal to ten percent (10%) of one-half of the aggregate percentage contribution of the HHMI inventor(s) to the HHMI Invention. HHMI does not share costs relating to commercialization of HHMI Inventions at host institutions that have elected the revenue-only sharing method.

**The following examples are for purposes of illustration. Actual calculations of HHMI's share are based on "Net Royalty Income," a term that is defined in the Collaboration Agreement for your institution.**

Example 1. Assume that the HHMI Invention is invented solely by an HHMI Laboratory Head. HHMI's share of royalty income with respect to such HHMI Invention (after "Net Royalty Income" as defined in the applicable Collaboration Agreement exceeds \$100,000 and after permitted deductions) would be 5%, ten percent of one-half the percentage (100% in this case) that fairly reflects the contribution of the HHMI Laboratory Head to the development of the HHMI Invention.

Example 2. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory Head (Dr. Hughes) and an investigator at the host institution who is not an HHMI employee (Dr. Host). Assume, further, that the two inventors agree that, based on their relative contributions to the development of the HHMI Invention, Dr. Hughes should receive 30% and Dr. Host should receive 70% of the inventors' shares of royalty income as determined under applicable Host University policies. HHMI's share of royalty income with respect to such HHMI Invention (after "Net Royalty Income" as defined in the applicable Collaboration Agreement exceeds \$100,000 and after permitted deductions) would be 1.5%, ten percent of one-half of the percentage (30%) that fairly reflects the contribution of the HHMI Laboratory Head to the development of the HHMI Invention.

Example 3. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory Head (Dr. Hughes), another HHMI employee in Dr. Hughes's laboratory, and an investigator at the host institution who is not an HHMI employee (Dr. Host). Assume, further, that the inventors agree that, based on their relative contributions to the development of the HHMI Invention, Dr. Hughes should receive 40%, the other HHMI employee should receive 20%, and Dr. Host should receive 40%, in each case, of the inventors' shares of royalty income as determined under applicable Host University policies. HHMI's share of royalty income with respect to such HHMI Invention (after "Net Royalty Income" as defined in the applicable Collaboration Agreement exceeds \$100,000 and after permitted deductions) would be 3%, ten percent of one-half of the percentage (60%, the sum of the contributions of the two HHMI employees) that fairly

reflects the contribution of the HHMI employees to the development of the HHMI Invention.

Example 4. Assume that the HHMI Invention is invented jointly by an HHMI Laboratory Head (Dr. Hughes) at Host University and by an investigator at a different academic institution, Other University, who is not an HHMI employee. Assume, further, that the inventors and the technology transfer offices of the two universities agree that, based on the relative contributions of each scientist to the development of the HHMI Invention, Host University owns a 70% share of the HHMI Invention and Other University owns a 30% share, and that all costs and royalties relating to the HHMI Invention will be shared between the two institutions in such proportions. HHMI's share of Host University's royalty income with respect to such HHMI Invention (after the Host University's "Net Royalty Income" as defined in the applicable Collaboration Agreement exceeds \$100,000 and after permitted deductions) would be 5%, ten percent of one-half of the percentage (100%) that fairly reflects the contribution of Dr. Hughes to the development of the HHMI Invention at Host University.