REVENUE SHARING OBLIGATIONS OF NON-PROFIT
CIRM Awardees

WHAT QUALIFIES AS A NON-PROFIT?

The University of California, California State University, California Community Colleges, and academic research institutions that qualify as tax-exempt under Internal Revenue Code section 501(c)(3) are considered non-profit organizations for purposes of CIRM’s intellectual property regulations.

WHAT REVENUE MUST BE SHARED WITH THE STATE GENERAL FUND?

A non-profit awardee must share either 15% or 25% of the licensing revenue (depending upon whether CIRM has funded 50% or more of the total costs of the project) it receives when it out-licenses a CIRM-funded invention or technology.

WHEN DOES LICENSE REVENUE SHARING KICK IN?

Once the non-profit awardee receives licensing revenue exceeding $500,000, its obligation to share revenues with the State of California General Fund begins.

Example: If University receives $1 million in licensing revenue and CIRM has funded 50% of the total project costs, the State General Fund would receive $125,000 (25% of $500,000). Conversely, if CIRM has funded less than 50% of the total project costs, the State General Fund would receive $75,000 (15% of $500,000).

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1 This primer is intended to introduce the reader to concepts contained in CIRM’s IP revenue sharing regulations. It is a summary only, and does not override or replace the regulations and should not be relied upon as legal advice regarding the operation of the regulations. Please review CIRM regulations and contact CIRM if you have questions about our rules or their application.

2 Licensing Revenue does not include additional grants, loans, and other research funding. Also, Licensing Revenue does not include any amount received by a non-profit that is owed to the inventor pursuant to the institution’s policies.
WHAT DOES THE LICENSEE (THE PARTY THE NON-PROFIT LICENSES TO) OWE?

The third party licensee has no revenue sharing obligation to the State General Fund or to CIRM.