

## How Do I Buy or Handle...

### Royalties

#### Description

The use of licensed work requires the payment of fees to the licensed owners to cover the use of copyrights, patents, and trademarks. The royalty fees are a calculation from a percentage of gross or net revenues. Negotiations for the payment of these fees can be determined within the terms of the purchase.

There are three general types of royalty fees encountered on campus:

- Fees paid to a business/person to use songs, music or performances they have the copyrights to. (Often a Direct Pay Item at Virginia Tech)
- Fees paid for use of a Virginia Tech licensed logo, slogan, sound or other distinctive expression they have been trademarked. The cost of the royalty fee must be included in the cost of the item branded with the Virginia Tech logo.
- Franchise fee paid to sell goods or services under a trademarked name. (At VT paid most often by dining services for restaurant operation and against a contract)

Royalties can be incorporated into the purchase price but are never allowed to be invoiced as a line item.

The campus has a responsibility to assist University Marketing and its licensing partner to ensure companies issued purchase orders for services or goods that replicate the university brand or logo obtain correct licensing.

<https://vt.edu/brand/licensing.html>

For more information contact Procurement at 540-231-6221.