

ROYALTY DISTRIBUTION POLICY

Royalty income to the VA will be accepted, monitored, and distributed by the Technology Transfer Program (TTP). Centralized compilation of royalty income data is required for evaluating and reporting on the program's effectiveness and to ensure compliance with applicable Federal laws. Royalty payments shall be made in U.S. Dollars only by check or bank draft drawn on a U.S. bank payable to Department of Veterans Affairs (royalty) and sent to:

Department of Veterans Affairs

Technology Transfer Program (12TT)

810 Vermont Avenue, N.W.

Washington, D.C. 20420

For the purpose of this policy, royalty income is comprised of two separate and distinct components:

1. **Personal Royalty Funds**

These are funds distributed to the inventor. The personal royalty share for VA employee inventors will depend on whether rights are shared between the VA and another institution.

CTAA Partner: University the Lead

Where VA has a Cooperative Technology Administration Agreement (CTAA) with the university partner and the employee has a dual appointment with the VA and university partner or if one inventor is a VA employee and the other is a university employee and the university partner assumes the lead, the university partner will distribute all inventor income royalties according to the university's royalty distribution policy. The university will forward VA's remaining royalty portion to the VA Technology Transfer Program as outlined above.

CTAA Partner: VA the Lead

Under certain circumstances VA may assume the lead and will distribute income royalties according to VA's royalty distribution policy. In these instances the first \$2,000 and thereafter 40% of all funds received to the extent permissible by law will be divided among all the inventor(s). VA will pay royalty income directly to VA and DAP employee-inventor(s.) VA will then forward the university's remaining royalty portion and the royalty income for their employee(s), if any, to the appropriate office at the University for distribution [15 USCS §3710c(a)(A)(i) and §3710c(a)(B)(3)]

All funds distributed to an inventor(s) shall be paid by electronic funds transfer.

No CTAA Partner: VA Sole Owner

Where there is no CTAA, VA inventor(s) will receive all of the first \$2,000 and thereafter 40% of all funds received to the extent permissible by law. [15 USCS §3710c(a)(A)(i) and §3710c(a)(B)(3)]

2. Non-Personal Royalty Funds

These are the remaining royalty funds received by VA, after the above funds have been distributed. These funds will be distributed as follows:

CTAA Partner: University the Lead:

After all personal royalties are paid as noted above, the university receives a 10% administration fee and the remaining money is split between VA and the university depending on the number of inventors and employment status. The majority of the money received from the university is sent to the VAMC

where the invention was created. The breakdown is as follows:

- 70% inventors laboratory
- 15% VAMC (ACOS) research budget
- 5% the VAMC (Director) VAMC
- 10% TTP administration fee.

No CTAA Partner: VA Sole Owner:

When no CTAA partner is involved and VA solely owns the invention, VA inventor(s) will receive all of the first \$2,000 and thereafter 40% of all funds received to the extent permissible by law. [15 USCS §3710c(a)(A)(i) and §3710c(a)(B)(3)] 2. The royalty income is split as follows:

- 40% personal royalty payment to Inventor
- 30% inventors laboratory
- 15% VAMC (ACOS) research budget
- 5% to the VAMC (Director) VAMC
- 10% TTP administration fee.

The royalty funds are distributed as appropriated R&D dollars via the VA financial management system. The royalties transferred to any laboratory may be used or obligated by that laboratory during the fiscal year in which they are received as well as during the 2 succeeding fiscal years 15 USC §3710c(a)(B). Unobligated and unexpended funds remaining at the end of the second fiscal year shall be paid into the Treasury [15 USCS §3710c(a)(C)]. Facilities are required to monitor the status of unexpended royalty funds closely and notify the TTP office 90 days prior to the expiration date to avoid loss of any unused royalty funds. Facilities may use royalty funds received for scientific research and development consistent with the VA research mission and objectives; to further scientific

exchange among VA laboratories; for education and training of employees consistent with the VA research mission and objectives; to reward scientific, engineering, technical, and other employees of the laboratory with incentive awards; and other activities that increase the potential for enhancement of research within the VA. [15 USCS §3710c(a)(B)(i) – (v)].

Questions regarding this policy should be directed to the TTP staff.

This policy is effective for all invention disclosures filed on or after May 1, 2007.