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Office of the President
PPM-005-2019 VFA

SUBJECT: Technology Transfer Income

JUN 05 2019

A. Purpose. This President's Policy Memorandum (PPM) replaces PPM-002-2018 (Technology Transfer Income) and PPM 006-2018 (MedImmune Technology Transfer Income) and provides guidance on technology transfer income received by the Uniformed Services University of the Health Science (USU) consistent with applicable guidelines and the best interests of USU.

B. Reference. See *Enclosure 1*.

C. Applicability. This PPM is applicable to technology transfer income received by USU, either directly or through the Henry M. Jackson Foundation for the Advancement of Military Medicine (HMJF) or other nonprofit entities involved in cooperative medical research enterprises with the USU.

D. Policy. Subject to the fiscal constraints noted in *Enclosure 3*, that:

1. Inventor's or each co-inventors' annual share of technology transfer income shall be allocated from the gross amount of royalties or other payments received on account of a licensed invention. Inventors who are otherwise due shares but whose whereabouts are unknown one year following the date USU receives payment shall, after a certified notice letter sent to their last known address is returned, not be entitled to inventor(s) shares. Their shares and the shares of inventors who decline to accept their shares shall be added to the amount available for distribution in accordance with the following paragraphs.

2. After allocation of inventors' shares and payment of any agreed upon expenses, remaining technology transfer income shall be obligated or expended for one or more of the following purposes as per 15 USC § 3710c:

- a) Reward of scientific and technical contributions by USU employees.
- b) Promotion of scientific exchange with other DoD research activities.

¹ By law and DoD issuance, the total share is the first \$2,000 multiplied by the number of inventors plus shares of 20% of the remaining balance, not to exceed \$150K per year per inventor. Typically, equal shares of the 20% are distributed among the co-inventors in the absence of extrinsic evidence or agreement that co-inventors made unequal contributions to the invention.

- c) Education and training of USU employees consistent with the research and development mission of the University and for activities that increase the potential for technology transfer.
- d) Payment of USU expenses incidental to processing inventor share payments, the administration and management of technology transfer income, or the administration and licensing of USU inventions and other intellectual property.
- e) USU activities and costs supporting scientific research consistent with USU's mission and objectives.

3. Subject to the policy and purpose requirements in paragraph 2 above, USU technology transfer income, with the exception of MedImmune income as addressed in paragraph 4 below, shall ordinarily be allocated as follows:

- a) 20% to the inventor(s) laboratory(s).
- b) 20% to the inventor(s) school(s).
- c) 20% to the inventor(s) department(s).
- d) 25% for the administration and management of technology transfer income.
- e) 15% to the University.
- f) If however the technology income payment (i.e., the amount USU receives, net of Inventor shares) is \$15,000 or less, for which the entire amount shall be provided to the inventor's laboratory.

4. Subject to the purpose requirements in the paragraph 2 above, MedImmune technology transfer income shall ordinarily be allocated as follows:

- a) 50% to the inventor(s) school(s).
- b) 25% for the administration and management of technology transfer income.
- c) 25% to the University.

5. Technology Transfer income initially received by USU shall be deposited into a technology transfer royalty account established by the Director, Financial and Manpower Management, and corresponding to the FY in which the income is received. Individual subaccounts for the University, school, department and laboratory subaccounts will be established as necessary. The royalties or other payments transferred to the University, school, department and laboratory may only be used or obligated during the fiscal year in which they are received or during the two succeeding fiscal years.

E. **Definitions.** *See Enclosure 2.*

F. **Responsibilities.**

1. The Vice President for Finance & Administration shall:
 - a) Monitor compliance with all references and financial constraints. *See Enclosure 3.*
 - b) Ensure that periodic and other information reporting is accomplished.
2. The Assistant Vice President, Accreditation and Organizational Assessment, shall include oversight of technology transfer income accounts as a special item of interest in the preparation of the annual USU Statement of Assurance.
3. The General Counsel shall, in coordination with the Vice Presidents for Research and Finance & Administration, develop an annual Technology Transfer Business Plan (required by DoD Instruction 5535.8, paragraph 6.3).

G. **Effective Date.** This PPM is effective immediately.



Richard W. Thomas, MD, DDS, FACS
President

Enclosures.

1. References
2. Definitions
3. Fiscal Constraints

References

- a. PPM-002-2018, "Technology Transfer Income" (cancelled).
- b. PPM-006-2018, "MedImmune Technology Transfer Income" (cancelled).
- c. DoD Instruction 5535.8, "DoD Technology Transfer (T2) Program," dated May 14, 1999.
- d. DoD Directive 5535.03, "DoD Technology Transfer (T2) Program," dated May 21, 1999.
- e. USU/ HJF "Sub-agreement on Technology and Patents," dated June 15, 1994.
- f. "Operating Agreement between the Henry M. Jackson Foundation for the Advancement of Military Medicine and the Uniformed Services University of the Health Sciences," dated August 29, 1991.
- g. "Standard Operating Procedures for the Joint USU-Foundation Technology Transfer Program," dated July 2016.
- h. 15 USC 3710c-Distribution of royalties received by Federal agencies.

Definitions

1. Technology Transfer Income. All income, including royalties and other payments, generated through the efforts of the USU as a DoD laboratory to transfer technology (patents, scientific know-how, other intellectual property, expertise etc.) developed by USU inventors acting independently or in collaboration with other DoD/federal/state/private laboratories to the commercial sector through licensing, contract or any other mechanism.

2. Technology Transfer Business Plan. Plan addressing technology transfer program responsibilities for the current year, to include a review of past technology transfer activities, identification of activities for the year ahead, and a description of efforts to make improvements in the technology transfer program. Required by DoD Directive 5535.3, paragraphs 5.2.1 through 5.2.

Fiscal Constraints

1. The federal statute and DoD Instruction that authorize USU to have a technology transfer program and engage in income generating technology transfer activities require that all technology transfer income must either be obligated or expended during the fiscal year in which it is received or the two succeeding fiscal years or be paid into the Treasury of the United States.
2. Allocation of technology transfer income to a Department account is not an obligation of funds. Accordingly, reallocation of technology transfer income may be necessary to ensure every opportunity for its obligation for permissible purpose(s) before the end of the time available for use.