

Distribution of Innovation Revenues (as amended July 1, 2016)

In general, the innovator(s) will receive from any product of University research a portion of the net revenue¹ resulting from royalties, license fees, liquidation of equity or securities², or other income which accrues (“Net Revenue”). This provision will continue as long as income is received from the project, and it will be continued according to law in the event of the death of the innovator(s). Such revenues will be shared in accordance with the below distribution, effective on Net Revenues earned on or after July 1, 2011.

Sums transferred to the University will be divided among laboratory support for the research of the innovator(s), for research in the department(s) in which the innovator(s) have primary faculty appointment(s), for research in the school(s) in which the innovator(s) have primary faculty appointment(s), and for innovative and scholarly activities. The distribution formula (amended July 1, 2016) is as follows:

Innovation Revenue Distribution Formula

35%³ Innovators^{4, 5}

10% Innovators' Research Support^{6, 7}

¹ Net Revenue is defined as gross income realized from commercialization of an invention less unrecovered, direct costs incurred to secure intellectual property rights in the invention and to develop, by licensing or other transaction, its commercialization opportunities.

² Ordinarily, and in the absence of exceptional circumstances (as determined in the discretion of UVA and UVA LVG), equity interests and/or securities held as part of Net Revenue will be liquidated upon (i) creation of a publicly traded market therefor or (ii) in event of the sale of the issuing company on agreed terms.

³ Percentages of Net Revenue.

⁴ Includes inventors of patentable and unpatentable inventions, authors of copyrightable and copyrighted works, and contributors to materials, technical information, know-how, processes, proprietary data sets, etc. that have been assigned or otherwise transferred to UVA LVG for commercialization.

⁵ The division of Net Revenue to the Innovators will be in accordance with the percent contribution designated and agreed upon by the innovators at the time of invention disclosure. Absent agreement by all innovators to a percent contribution distribution that adds to 100%, Net Revenue will be distributed equally among all listed innovators.

⁶ Funds to be deposited in department account(s) for use by the innovator(s) while employed at UVA. Should an innovator leave the University, his or her share of the sums transferred to the University will be divided equally among the appropriate Department(s), the appropriate School(s), and the Innovation & Scholarly Activities Fund.

⁷ Annual maximum of \$1 million per year per Net Revenue-generating agreement, with excess funds distributed to the Innovation & Scholarly Activities Fund.

- 10% Innovators' Departments⁸
- 10% Innovators' School⁹
- 35% UVA Innovation & Scholarly Activities Fund¹⁰

In the event Net Revenue is generated from an innovation that has received financial support from the UVA Seed Fund (such as through investments in sponsored research or third party consulting or product development services)¹¹, the Innovation Revenue Distribution Formula will be modified to accord with the terms governing the UVA Seed Fund as follows:

**UVA Seed Fund Supported
Innovation Revenue Distribution Formula**

- 35% Innovators
- 7.5% Innovators' Research Support
- 7.5% Innovators' Departments
- 7.5% Innovators' School
- 32.5% UVA Innovation & Scholarly Activities Fund
- 10% UVA Seed Fund¹²

⁸ Annual maximum of \$6 million per year to any one Department, regardless of the number of Net-Revenue-generating agreements providing distributions to that Department, with excess funds distributed to the Innovation & Scholarly Activities Fund.

⁹ Annual maximum of \$20 million per year to any one School, regardless of the number of Net-Revenue-generating agreements providing distributions to that School, with excess funds distributed to the Innovation & Scholarly Activities Fund.

¹⁰ To support innovative and scholarly work in all fields at the University.

¹¹ Including any UVA or UVA LVG background intellectual property identified and acknowledged, in writing, by the innovators, Department Chair(s), and Dean prior to funding by the UVA Seed Fund.

¹² To support additional UVA Seed Fund investments in accordance with the Fund's purposes.