

ALLOCATION OF RIGHTS IN INTELLECTUAL PROPERTY UNDER AN SBIR/STTR RESEARCH PROGRAM

This Agreement between Insert company name, (hereafter INSERT COMPANY NAME), a small business concern organized as a Insert LLC or corporation and the Board of Regents of the University of Nebraska on behalf of the University of Nebraska-Lincoln (hereafter UNL), a research institution having a place of business at Lincoln, NE 68588-0467, is entered into for the purpose of allocating between the parties certain rights relating to an SBIR/STTR project to be carried out by COMPANY NAME and UNL (hereafter referred to as the "Parties") under an SBIR/STTR funding agreement that may be awarded by the Insert funding agency name to COMPANY NAME to fund a proposal entitled "Insert title of SBIR or STTR proposal" (hereafter "RESEARCH PROGRAM"); and

Whereas, should the efforts under the RESEARCH PROGRAM be successful, it is possible that the resulting body of intellectual property might include potentially patentable discoveries or inventions and it is the mutual desire of the Parties that any patentable inventions and discoveries conceived and reduced to practice under the RESEARCH PROGRAM will be commercialized as rapidly as feasible.

Now, therefore, in consideration of the foregoing and the mutual covenants and agreements contained herein, the Parties agree as follows:

1. Applicability of This Agreement

- a. This Agreement shall be applicable only to matters relating to the SBIR/STTR RESEARCH PROJECT referred to in the preamble above.
- b. If a funding agreement for an SBIR/STTR project is awarded to COMPANY NAME based upon the SBIR/STTR proposal referred to in the preamble above, COMPANY NAME will promptly provide a copy of such funding agreement to UNL, and COMPANY NAME will make a subaward to UNL in accordance with the funding agreement, the proposal, and this Agreement. If the terms of such funding agreement appear to be inconsistent with the provisions of this agreement, the Parties will attempt in good faith to resolve any such inconsistencies. However, if such resolution is not achieved within a reasonable period, COMPANY NAME shall not be obligated to award nor UNL to accept the subaward, as the case may be. If a subaward is made by COMPANY NAME and accepted by UNL, this agreement shall not be applicable to contradict the terms of such subaward or of the funding agreement awarded by the Insert funding agency name to COMPANY NAME except on the grounds of fraud, misrepresentation, or mistake, but shall be considered to resolve ambiguities in the terms of the subaward.
- c. This Agreement shall be in effect during Phase I and Phase II (if awarded) of the SBIR/STTR RESEARCH PROGRAM and/or during any interim period between Phase I and Phase II.
- d. The provisions of this Agreement shall apply to any and all consultants subcontractors, independent contractors, or other individuals employed by COMPANY NAME or UNL for the purposes of this SBIR/STTR project.

2. Background Intellectual Property

It is possible that one or both Parties may possess rights in background intellectual property, that is, intellectual property not otherwise subject to this Agreement, which would be useful or essential to the

practice or commercialization of the results of this Agreement. For example, UNL might own a patent, which would be infringed by **COMPANY NAME** when it attempted to commercialize the results of this Agreement unless a license was obtained from UNL. Where the Parties determine that background technology may exist, consideration will be given to negotiating license rights, which will allow the practice and commercialization of the results of this Agreement.

3. Project Intellectual Property

- a. "Project Intellectual Property" means the legal rights relating to Subject Inventions as defined in 37 CFR 401, and any resulting patent applications or patents, as well as any software first conceived and reduced to practice during the performance of this SBIR/STTR Agreement.
- b. The rights of the Parties to Subject Inventions made by their employees in the performance of the SBIR/STTR agreement shall be as set forth in the Patent Rights clause of 37 CFR 401.14 ("Patent Rights clause"). The **Insert funding agency name** may obtain title to any Subject Invention not elected by a Party as set forth in the Patent Rights clause.
- c. Project Intellectual Property shall be owned by the Party whose employees make or generate the project intellectual property. Jointly made or generated project intellectual property shall be jointly owned by the Parties, with each Party having an undivided interest therein. **COMPANY NAME** shall have the first option to perfect the Parties' rights in jointly made or generated project intellectual property unless agreed otherwise in writing.
- d. In addition to the Government's rights under the Patent Rights clause, the Parties agree that the Government shall have an irrevocable, royalty free, non-exclusive license for any Governmental purpose in any project intellectual property.
- e. The Parties agree to disclose to each other, in confidence and in writing, each and every Subject Invention created as part of the SBIR/STTR project. The Parties acknowledge that they will disclose Subject Inventions to each other and to the **Insert funding agency name** within two (2) months after their respective inventor(s) first disclose the invention in writing. Such disclosure to **Insert funding agency name** shall be in accordance with the Patent Rights clause.
- f. Each Party hereto may use RESEARCH PROGRAM Intellectual Property of the other non-exclusively and without compensation in connection with research or development activities for this SBIR/STTR RESEARCH PROGRAM, including inclusion in SBIR/STTR RESEARCH PROGRAM reports to the **Insert funding agency name** and proposals to the **Insert funding agency name** for continued funding of this SBIR/STTR RESEARCH PROGRAM through additional phases.
- g. **COMPANY NAME** will have an option to commercialize the Project Intellectual Property of UNL subject to any rights of the Government or other sponsors as follows:
 - i. **COMPANY NAME** will have an exclusive option for an exclusive license to such Project Intellectual Property (whether solely owned by UNL or jointly owned by UNL and **COMPANY NAME**) during the performance of the RESEARCH PROGRAM, including any break between Phase I and II, and for a period of four (4) months after completion of the RESEARCH PROGRAM. During the period of such option, UNL will pursue and maintain any patent protection for any Subject Invention requested by **COMPANY NAME** provided **COMPANY NAME** agrees to

reimburse UNL for its out-of-pocket expenses. Except with the written consent of **COMPANY NAME**, UNL will not voluntarily discontinue the pursuit and maintenance of any US patent protection during this option period. **COMPANY NAME** may terminate such option at will by giving written notice to UNL and by so doing shall relinquish all rights to said Project Intellectual Property.

- ii. At any time prior to the expiration or termination of an option, **COMPANY NAME** may exercise such option by giving written notice to UNL, whereupon the Parties will promptly and in good faith enter into negotiations for a license under UNL's rights in the Project Intellectual Property. The terms of such license shall be consistent with UNL's policies and Governmental regulations and will include but not be limited to: (i) payment of reasonable royalties to UNL on sales or leases of products or services which embody, or the development, manufacture, use, or sale of which involve employment of, the Project Intellectual Property; (ii) reimbursement by **COMPANY NAME** of expenses incurred by UNL in seeking and maintaining patent protection for the Project Intellectual Property; (iii) due diligence milestones; and (iv) insurance and indemnity provisions acceptable to UNL's insurance carrier.
- iii. Where more than one royalty might otherwise be due for any product or service under a license pursuant to this Agreement, the Parties shall in good faith negotiate to ameliorate any effect thereof that would threaten the commercial viability of the affected products or services by providing in such license(s) for a reasonable discount or cap on total royalties due in respect of any such product or service.

4. Patent Prosecution and Commercialization for Jointly Owned Project Intellectual Property

- a. Although the Parties agree that each has responsibility for management of Project Intellectual Property produced by its employees in accordance with appropriate government regulations and its own institutional policy, it is recognized that more effective enablement of commercialization of jointly owned Project Intellectual Property will require a unified approach by the Parties. Therefore, if the SBIR/STTR RESEARCH PROGRAM is funded, the following procedural framework will be put into place for the handling of jointly owned Project Intellectual Property.
 - i. Shortly following the identification of any jointly owned Project Intellectual Property, technical and patent representatives of each Party will discuss details of handling such jointly owned Project Intellectual Property.
 - ii. One Party shall be designated the Lead Party to take primary responsibility for protection of such jointly owned Project Intellectual Property. If patent applications are to be filed, the Lead Party will ensure that the other Party is kept informed and has an opportunity to review and comment on patent prosecution.
 - iii. As with Project Intellectual Property solely owned by UNL, **COMPANY NAME** shall have option rights as outlined in Section 3 above for UNL's ownership interest in such jointly owned Project Intellectual Property.

- iv. In the event that **COMPANY NAME** decides not to exercise its option to UNL's ownership interest, **COMPANY NAME** and UNL may agree to undertake a cooperative licensing effort. At that point, the Lead Party shall assume sole responsibility for identifying potential commercial licensees and for negotiating the terms of commercial license agreements. Any revenues generated by such license agreements after deduction of any out-of-pocket patent prosecution expenses and a sum for administrative overhead (such sum to be determined by both Parties) shall be divided equally between the Parties no less often than once per year. Each Party shall be solely responsible for calculating and distributing to its respective inventor(s) any share of net revenues payable to such inventor(s) in accordance with such Party's institutional policy.

5. Confidentiality/Publication.

- a. Background Intellectual Property and Project Intellectual Property of a party, as well as other proprietary or confidential information of a party, disclosed by that party to the other in connection with this STTR project shall be received and held in confidence by the receiving party and, except with the consent of the disclosing party or as permitted under this Agreement, neither used by the receiving party nor disclosed by receiving party to others, provided that the receiving party has notice that such information is regarded by the disclosing party as proprietary or confidential.
- b. However, these confidentiality obligations shall not apply to use or disclosure by the receiving party after such information is or becomes known to the public without breach of this provision or is or becomes known to the receiving party from a source reasonably believed to be independent of the disclosing party or is developed by or for the receiving party independently of its disclosure by the disclosing party.
- c. Subject to the terms of paragraph (a) above, either party may publish its results from this STTR RESEARCH PROGRAM. However, the publishing party shall provide the other party a thirty-day period in which to review proposed publications, identify proprietary or confidential information, and submit comments. The publishing party shall not publish or otherwise disclose proprietary or confidential information identified by the other party and the publishing party will give full consideration to all comments before publication. Furthermore, upon request of the reviewing party, publication will be deferred for up to Insert number of days additional days for preparation and filing of a patent application which the reviewing party has the right to file or to have filed at its request by the publishing party.

6. Liability

- a. Each party disclaims all warranties running to the other or through the other to third parties, whether expressed or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and freedom from infringement, as to any information, result, design, prototype, product or process deriving directly and in whole or part from such Party in connection with this SBIR/STTR project.
- b. **COMPANY NAME** will indemnify and hold harmless UNL with regard to any claims arising in connection with commercialization of the results of this SBIR/STTR project by or under the authority of **COMPANY NAME**.

7. Termination

- a. This Agreement shall remain in force for the period during which the Parties are being funded by the Prime Agency for this SBIR/STTR project unless it is superseded by other written agreements among the Parties and it shall automatically terminate should either Party withdraw from the collaborative program. This Agreement may be terminated by either Party in the event of the failure of the other Party to comply with the terms of this Agreement.
- b. In the event of termination by either Party, each Party shall be responsible for its obligations through the effective date of termination. The confidentiality, use, and/or non-disclosure obligations of this Agreement shall survive any termination of this Agreement.

AGREED TO AND ACCEPTED

COMPANY

Signature: _____

Name: _____

Title: _____

Date: _____

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

Signature: _____

Name: David Conrad

Title: Associate Vice Chancellor for Technology Development

Date: _____