

**COLLABORATIVE RESEARCH AGREEMENT AND ALLOCATION OF RIGHTS  
IN INTELLECTUAL PROPERTY UNDER AN STTR RESEARCH PROGRAM**

This Agreement between \_\_\_\_\_ (hereafter "SBC"), a small business concern organized as a \_\_\_\_\_ corporation having an address at \_\_\_\_\_ and the University of Wisconsin – Madison (hereafter the "University"), a university having a place of business at \_\_\_\_\_, is entered into for the purpose of allocating between the parties certain rights relating to an STTR project to be carried out by SBC and the University (hereafter referred to as the "Parties") under an STTR funding agreement that may be awarded by \_\_\_\_\_ (hereafter the "Agency") to SBC to fund a proposal dated \_\_\_\_\_ entitled "\_\_\_\_\_."

**WHEREAS**, the University has information and/or proprietary technology relating to \_\_\_\_\_;

**WHEREAS**, SBC has information and/or proprietary technology relating to \_\_\_\_\_;

**WHEREAS**, the proposed research project is to jointly \_\_\_\_\_ (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 software or potentially patentable aspects and it is the mutual desire of the Parties that any patentable inventions and discoveries or software conceived of 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 with regard to the STTR project referred to in the preamble above.

B. If a funding agreement for an STTR project is awarded to SBC based upon the STTR proposal referred to in the preamble above, SBC will promptly provide a copy of such funding agreement to the University, and SBC will make a subaward to the University 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, SBC shall not be obligated to award nor the University to accept the subaward, as the case may be.

C. The provisions of this Agreement shall be supplied to any and all consultants subcontractors, independent contractors, or other individuals employed by SBC or the University for the purposes of this STTR project and their agreement to be bound by same shall be obtained.

## **2. Background Intellectual Property**

A. The subject matter described as \_\_\_\_\_

\_\_\_\_\_ which has previously been developed by the University shall be considered the University Background Intellectual Property.

B. To the extent such rights are available, the University agrees to grant SBC, as part of any license granted to SBC for Project Intellectual Property, a non-exclusive license to use the above mentioned Background Intellectual Property in connection with commercialization of the Project Intellectual Property, to the extent that such use is reasonably necessary for practical, efficient and competitive commercialization of such Project Intellectual Property. Such license shall be subject to any rights of the Government or other sponsors, and shall be granted upon the condition that SBC pay the University a royalty, to be negotiated by the parties, on net sales or leases made by or under the authority of SBC of any product or service that embodies, or the manufacture or normal use of which entails the use of all or any part of such the University Background Intellectual Property.

## **3. Project Intellectual Property**

A. "Project Intellectual Property" means the legal rights to Subject Inventions as defined in 37 CFR 401, and any resulting patent applications or patents, as well as any software first conceived of and reduced to practice during the performance of this STTR Agreement.

B. The rights of the Parties to Subject Inventions made by their employees in the performance of the STTR agreement shall be as set forth in the Patent Rights Clause of 37 CFR 401.14 ("Patent Rights Clause").

C. Project Intellectual Property shall be owned by the Party whose employees conceive of or make the Project Intellectual Property. Jointly made Project Intellectual Property shall be jointly owned by the Parties, with each Party having an undivided interest therein. The SBC shall have the first option to perfect the Parties' rights in jointly made Project Intellectual Property with the University retaining a right to review and provide comments on any and all filings, 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 and any software created as part of the STTR project. The Parties acknowledge that they will disclose Subject Inventions to each other and to the Agency within two (2) months after their respective inventor(s) first disclose the invention in writing. Such disclosure to the Agency shall be in accordance with the Patent Rights Clause.

F. Each Party hereto may use Project Intellectual Property of the other non-exclusively and without compensation in connection with research or development activities for this STTR project, including inclusion in STTR project reports to the Agency and proposals to the Agency for continued funding of this STTR project through additional phases.

G. All written disclosures of such inventions shall contain sufficient detail of the invention and identification of any statutory bars and shall be marked confidential in accordance with 35

U.S.C. Section 205. Disclosure to the Agency shall be within the time provided in paragraph (c) (1) of the Patent Rights Clause of 37 CFR 401.14.

H. SBC will have an option to commercialize the Project Intellectual Property of the University subject to any rights of the Government or other sponsors as follows:

1. SBC will have an exclusive option to negotiate an exclusive license to such Project Intellectual Property (whether solely owned by the University or jointly owned by the University and SBC) for an option period of six (6) months after such Project Intellectual Property has been reported to SBC. During the period of such option, the University will pursue and maintain any patent protection for any Subject Invention requested by SBC provided SBC agrees to reimburse the University for its out-of-pocket expenses. Except with the written consent of SBC, the University will not voluntarily discontinue the pursuit and maintenance of any US patent protection during this option period. SBC may terminate such option at will by giving written notice to the University and by so doing shall relinquish all rights to said Project Intellectual Property.

2. At any time prior to the expiration or termination of an option, SBC may exercise such option by giving written notice to the University, whereupon the Parties will promptly and in good faith enter into negotiations for a license under the University's rights in the Project Intellectual Property. The terms of such license shall be consistent with the University's policies and Governmental regulations and will include but not be limited to: (i) payment of reasonable royalties to the University 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 SBC of expenses incurred by the University in seeking and maintaining patent protection for the Project Intellectual Property; and (iii) due diligence milestones.

3. 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.

#### **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 STTR program is funded, the following procedural framework will be put into place for the handling of jointly owned Project Intellectual Property.

1. 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.

2. 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.

3. As with Project Intellectual Property solely owned by the University, SBC shall have option rights as outlined in Section 3H.1. for such jointly owned Project Intellectual Property.

4. In the event that SBC decides not to exercise its option to the University's ownership interest, SBC and the University 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. All costs associated with filing prosecuting and maintaining intellectual property rights associated with the Project Intellectual Property shall be shared equally among the Parties. The Lead Party may either invoice the other Party for its share of the such costs or such costs may be deducted from any revenues generated by commercial license agreements prior to sharing of such revenues between the Parties as set forth herein. Such license agreements will require the approval of both Parties, and such approval shall not be unreasonably withheld. Any revenues generated by such license agreements after deduction of any out-of-pocket patent prosecution expenses, and fifteen percent (15%) administrative overhead in favor of the Lead Party, 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. Publication and Confidentiality**

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 the receiving party to others, provided that the receiving party has notice that such information is regarded by the disclosing party as proprietary or confidential. 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.

B. Either Party may publish its results from this STTR project and each Party agrees to provide to the other a copy of any such publications at the time of submission. Whenever possible, the publishing party shall provide the other Party a thirty (30) day period in which to review proposed publications, identify material on which patent applications should be filed, and submit other comments. Each Party will give serious and good-faith consideration to any comments received from the other, provided, however, that such comments are received in sufficient time so as not to delay publication.

C. In the event that SBC or University desire to provide confidential information to the other, such information will be marked in writing as confidential at the time it is provided or, if provided orally, identified as confidential at the time of disclosure and confirmed in writing within ten (10) days of the oral disclosure. Unless otherwise required by law, the receiving party will maintain such information in confidence in the same manner in which it maintains its own confidential information. Confidential information does not include information which:

1. is or becomes generally available in the public domain through no act of the receiving party; or

2. was independently known prior to receipt thereof or is subsequently discovered independently by an employee of the receiving party who has no access to the information supplied under this Agreement; or

3. is made available to the receiving party as a matter of lawful right by a third party. The receiving party retains the right to refuse to accept any such information which is not considered to be essential to the RESEARCH PROGRAM. The obligations of the receiving party to maintain the confidence of any information provided under this Agreement shall survive and continue for one year.

## **6. Liability**

A. Each party disclaims all warranties running to the other or through the other to third parties, whether express 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 or indirectly and in whole or part from such Party in connection with this STTR project.

B. SBC will indemnify and hold harmless the University and WARF and their officers, employees and agents with regard to any claims arising in connection with commercialization of the results of this SBIR project by or under the authority of SBC.

## **7. Governing Laws, Settling Disputes**

A. This Agreement and any to follow in this collaborative effort shall be governed by and interpreted in accordance with the laws of the State of Wisconsin.

B. Any controversy or any disputed claim by either of the Parties under or related to this Agreement shall be settled by arbitration, upon the request of either Party, by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

## **8. Termination**

A. This Agreement shall remain in force for the period during which the Parties are being funded by the Agency for this 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 obligation of confidentiality shall survive the termination of this Agreement and shall continue for a period of three (3) years from the date of termination.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement on the dates indicated below.

**SMALL BUSINESS CONCERN**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Name & Title: \_\_\_\_\_

**THE BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Name & Title: \_\_\_\_\_