

U N I V E R S I T Y of H O U S T O N



**Small Business Technology Transfer (STTR) Program
Allocation of Rights in Intellectual Property and
Rights to Carry out Follow-on Research, Development, or Commercialization**

This Agreement between _____, a small business concern organized as a _____ under the laws of _____ and having a principal place of business at _____, (“SBC”) and the University of Houston, a research institution having a principal place of business at 4800 Calhoun Blvd, Houston, TX 77204-2015, (“RI”) is entered into for the purpose of allocating between the Parties certain rights relating to a Small Business Technology Transfer (“STTR”) project to be carried out by SBC and RI (hereinafter referred to as the “Parties”) under an STTR funding agreement that may be awarded by _____ (“Agency”) to SBC to fund a proposal entitled “_____” submitted, or to be submitted, to by SBC on or about _____.

1. Applicability of this Agreement.

- a. This Agreement shall be applicable only to matters relating 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 RI, and SBC will make a sub-award to RI 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, Parties will attempt in good faith to resolve any such inconsistencies.
- c. If such resolution is not achieved within a reasonable period, SBC shall not be obligated to award nor RI to accept the sub-award. If a sub-award is made by SBC and accepted by RI, this Agreement shall not be applicable to contradict the terms of such subaward or of the funding agreement awarded by Agency to SBC except on the grounds of fraud, misrepresentation, or mistake, but shall be considered to resolve ambiguities in the terms of the subaward.
- d. The provisions of this Agreement shall apply to any and all consultants, subcontractors, independent contractors, or other individuals employed by SBC or RI for the purposes of this STTR project.

2. Background Intellectual Property.

- a. “Background Intellectual Property” means property and the legal right therein of either or both parties developed before or independent of this Agreement including inventions, patent applications, patents, copyrights, trademarks, mask works, trade secrets and any information embodying proprietary data such as technical data and computer software.
- b. This Agreement shall not be construed as implying that either Party hereto shall have the right to use Background Intellectual Property of the other in connection with this STTR project except as otherwise provided hereunder.
 - (1) The following Background Intellectual Property of SBC may be used nonexclusively and, except as noted, without compensation by RI in connection with research or development activities for this STTR project (**if “none” so state**):

- (2) As previously stated in 1(a) above, the terms of this Agreement are meant to describe the ownership and disposition of new intellectual property developed during the STTR project named in the Preamble. Accordingly, the Background Intellectual property of SBC named in 2.b.(1) is, and remains, the sole and undisputed property of SBC. RI commercialization of other RI project results which are independent and apart from the results of this STTR project, but which utilize any of SBC Background Intellectual Property named in 2.b.(1) shall be preceded by discussions conducted in good faith to negotiate the terms of an acceptable license between SBC and RI:

- (3) The following Background Intellectual Property of RI may be used nonexclusively and, except as noted, without compensation by SBC in connection with research or development activities for this STTR project **(if “none” so state)**:

- (4) The following Background Intellectual Property of RI may be used nonexclusively and with compensation by SBC in connection with the commercialization of the results of this STTR project, to the extent that such use is reasonably necessary for practical, efficient and competitive commercialization of such results, and when such results are restricted to jointly made or generated Project Intellectual Property (as described in 3.b. of this Agreement). Such commercialization shall be preceded by discussions conducted in good faith to negotiate the terms of an acceptable license between SBC and RI **(if “none” so state)**:

- (5) The following Background Intellectual Property of RI which is used by SBC and results in Project Intellectual Property, the subject matter of which is conceived and first actually reduced to practice by SBC, and therefore owned solely by SBC (as described in 3.b. of this Agreement), is and remains the sole and undisputed property of RI. SBC commercialization of any such Project Intellectual Property owned solely by SBC, but which utilizes RI Background Intellectual Property, shall be preceded by discussions conducted in good faith to negotiate the terms of an acceptable license between SBC and RI **(if “none” so state)**:

- (6) As previously stated in 1.a. above, the terms of this Agreement are meant to describe the ownership and disposition of new intellectual property developed during the STTR project named in the Preamble. Accordingly, the Background Intellectual Property of RI named in 2.b.(2)(3) and (4) is, and remains, the sole and undisputed property of RI. SBC commercialization of other SBC project results which are independent and apart from the results of this STTR project, but which utilize any of RI Background Intellectual Property named in 2.b.(2)(3) and (4) shall be preceded by discussions conducted in good faith to negotiate the terms of an acceptable license between SBC and RI.

3. **Project Intellectual Property.**

- a. “Project Intellectual Property” means the legal rights relating to inventions (including Subject Inventions as defined in 37 CFR § 401), patent applications, patents, copyrights, trademarks, mask works, trade secrets and any other legally protectable information, including computer software, first made or generated during the performance of this STTR Agreement.

- b. Except as otherwise provided herein, ownership of Project Intellectual Property shall vest in Party whose personnel conceived the subject matter or first actually reduced the subject matter to practice, and such Party may perfect legal protection therein in its own name and at its own expense. Jointly made or generated Project Intellectual Property shall be jointly owned by Parties unless otherwise agreed in writing. SBC shall have the first option to perfect the rights in jointly made or generated Project Intellectual Property unless otherwise agreed in writing.
 - (1) Rights to any revenues and profits, resulting from any product, process, or other innovation or invention based on the cooperative shall be allocated between SBC and RI as follows:
SBC Percent: **(to be negotiated)** RI Percent: **(to be negotiated)**
 - (2) Expenses and other liabilities associated with the development and marketing of any product, process, or other innovation or invention shall be allocated as follows: SBC will be responsible for **100%** and RI will be responsible for **0%**.
- c. Parties agree to disclose to each other, in writing, each and every Subject Invention, which may be patentable or otherwise protectable under the United States patent laws in Title 35, United States Code. Parties acknowledge that they will disclose Subject Inventions to each other and Agency within two (2) months after their respective inventor(s) first disclose the invention in writing to the person(s) responsible for patent matters of the disclosing Party. All written disclosures of such inventions shall contain sufficient detail of the invention, identification of any statutory bars, and shall be marked confidential, in accordance with 35 U.S.C. § 205.
- d. Each Party hereto may use Project Intellectual Property of the other nonexclusively and without compensation in connection with research or development activities for this STTR project, including inclusion in STTR project reports to Agency and proposals to Agency for continued funding of this STTR project through additional phases, with confidential or proprietary markings as appropriate.
- e. In addition to the Government's rights under the Patent Rights clause of 37 CFR § 401.14, Parties agree that the Government shall have an irrevocable, royalty free, nonexclusive license for any governmental purpose in any Project Intellectual Property.
- f. SBC shall have an option to commercialize the Project Intellectual Property of RI, subject to any rights of the Government therein, as follows:
 - (1) Where Project Intellectual Property of RI is a potentially patentable invention, SBC may have an exclusive option for a license to such invention, for an initial option period of three (3) months after such invention has been reported to SBC. SBC may, at its election and subject to the patent expense reimbursement provisions of this section, extend such option for an additional three (3) months by giving written notice of such election to RI prior to the expiration of the initial option period. During the period of such option following notice by SBC of election to extend, RI will pursue and maintain any patent protection for the invention requested in writing by SBC and, except with the written consent of SBC or upon the failure of SBC to reimburse patenting expenses as required under this section, will not voluntarily discontinue the pursuit and maintenance of any United States patent protection for the invention initiated by RI or of any patent protection requested by SBC. For any invention for which SBC gives notice of its election to extend the option, SBC will, within thirty (30) days after invoice, reimburse RI for the expenses incurred by RI prior to expiration or termination of the option period in pursuing and maintaining (i) any United States patent protection initiated by RI and (ii) any patent protection requested by SBC. SBC may terminate such option at will by giving written notice to RI, in which case further accrual of reimbursable patenting expenses hereunder, other than prior commitments not practically revocable, will cease upon RI's receipt of such notice. At any time prior to the expiration or termination of an option, SBC

may exercise such option by giving written notice to RI, whereupon Parties will promptly and in good faith enter into negotiations for a license under RI's patent rights in the invention for SBC to make, use and/or sell products and/or services that embody, or the development, manufacture and/or use of which involves employment of, the invention. SBC and RI will negotiate the terms of such license in good faith.

- (2) Where Project Intellectual Property of RI is other than a potentially patentable invention, or copyrightable material, SBC will have an exclusive option for a license, for an option period extending until three (3) months following completion of RI's performance of that phase of this STTR project in which such Project Intellectual Property of RI was developed by RI. SBC may exercise such option by giving written notice to RI, whereupon Parties will promptly and in good faith enter into negotiations for a license under RI's interest in the subject matter for SBC to make, use and/or sell products or services which embody, or the development, manufacture and/or use of which involve employment of, such Project Intellectual Property of RI.
- (3) Where more than one royalty might otherwise be due in respect of any unit of product or service under a license pursuant to this Agreement, 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 unit.

4. **Follow-on Research or Development.** All follow-on work, including any licenses, contracts, subcontracts, sub licenses or arrangements of any type, shall contain appropriate provisions to implement the Project Intellectual Property rights provisions of this Agreement and insure that Parties and the Government obtain and retain such rights granted herein, if any, in all future resulting research, development, or commercialization work.

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. Except with the consent of the disclosing Party or as permitted under this Agreement, each Party will use all reasonable efforts to hold in confidence the proprietary information of the other, provided that the receiving Party has notice that such information is regarded by the disclosing Party as proprietary or confidential. Each Party's obligation of confidence hereunder shall be fulfilled by using at least the same degree of care with the other Party's information as it uses to protect its own information.

Confidential information does not include information which at the time of receipt:

- (1) Is already independently known to the receiving Party, or
- (2) Is generally available in the public domain or thereafter becomes available to the public through no fault of either Party; or
- (3) Is discovered independently by an employee of the receiving Party who has no access to the information supplied by the providing Party under this Agreement; or
- (4) Is made available to one of Parties by a third party as a matter of the third party's lawful right and without breach of any obligation which may be owed by the third party to the other Party, or
- (5) Is made available to a third party by one of Parties as a matter of that Party's lawful right and without breach of any obligation owed by that Party to the other Party, or

- (6) Is legally required to be disclosed to any governmental agency, at which time the disclosing Party will notify the other Party.

Each Party retains the right to refuse or to accept any such information that is not considered to be essential to the completion of the research. The obligations of each Party under this paragraph shall survive and continue for three (3), or greater, years after termination of this Agreement.

- b. Subject to the terms of paragraph (a) above, either Party may publish its results from this STTR project. However, the publishing Party will give the reviewing Party a thirty (30) day period in which to review proposed publications and submit comments, which will be given full consideration before publication. Furthermore, upon request of the reviewing Party, publication will be deferred for a maximum of sixty (60) 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. Such delay shall not, however, be imposed on the filing of any student thesis or dissertation.

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 agrees to indemnify and hold harmless RI, the University of Houston System ("System"), their Regents, officers, agents and employees from any liability, loss, or damage they may suffer as a result of any claim, demand, cost or judgments against them arising out of the activities to be carried out in this Agreement, including but not limited to the commercialization of the results of this STTR project by or under the authority of SBC; provided, however, that the following is excluded from SBC's obligation to indemnify and hold harmless:
 - (1) the negligent failure of RI to substantially comply with any applicable governmental requirements; or
 - (2) the negligence or willful malfeasance of any Regent, officer, agent or employee of RI or System.
- c. Both parties agree that upon receipt of a notice of claim or action arising out of the Agreement, Party receiving the notice will notify the other Party promptly. SBC agrees, at its own expense, to provide attorneys to defend against any actions brought or filed against RI, the System, their Regents, officers, agents and/or employees with respect to the subject of the indemnity contained herein, whether such claims or actions are rightfully brought or filed; subject to the statutory duty of the Texas Attorney General, RI agrees to cooperate with SBC on the defense of such claim or action.

7. Termination.

- a. Either Party upon ninety (90) days written notice to the other Party may terminate this Agreement.
- b. In the event that either Party is perceived to commit any breach of or default in any of the terms and conditions of this Agreement, and fails to remedy such default or breach within thirty (30) days after receipt of written notice from the other Party, Party giving notice may, at its option and in addition to any other remedies that it may have at law or in equity, terminate this Agreement by sending a written Notice of Termination to the other Party. Such termination shall be effective as of the receipt date of such notice.
- c. In the event of termination by either Party, each Party shall be responsible for its share of the costs incurred through the effective date of termination, as well as its share of the costs incurred after the effective date of termination, and which are related to the termination. Any provisions of this Agreement which by their nature extend beyond

termination, including but not limited to confidentiality, use, and/or non-disclosure obligations, shall survive any termination of this Agreement.

- 8. **Entire Understanding.** This Agreement constitutes the entire understanding between Parties regarding this subject matter (allocation of intellectual property rights), and all other prior negotiations, representations, and understandings, whether oral or written, are superceded hereby. No Agreements altering or supplementing the terms hereof may be made except by a written document signed by both parties.
- 9. **Miscellaneous.**
 - a. This Agreement may not be assigned by SBC without the prior written consent of RI.
 - b. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas (exclusive of its choice of law provisions).
 - c. For the purpose of this Agreement and all activities hereunder, Parties are independent contractors and not agents or employees of the other Party. Neither Party shall have authority to make any statements, representations, or commitments of any kind, or to take any action that shall be binding on the other Party, except as expressly stated herein or authorized in writing.
 - d. Headings are included herein for convenience only and shall not be used to construe this Agreement.

Agreed to and accepted by:

UNIVERSITY OF HOUSTON

SMALL BUSINESS CONCERN

 Signature Date
 Name: _____
 Title: _____

 Signature Date
 Name: _____
 Title: _____

Note: Modification of this Form requires approval of OGC