

**ALLOCATION OF RIGHTS IN INTELLECTUAL PROPERTY  
AND RIGHTS TO CARRY OUT FOLLOW-ON RESEARCH, DEVELOPMENT,  
OR COMMERCIALIZATION**

**This Agreement, effective as of the date of last signature below, is entered into by and between the University of Kentucky Research Foundation. (“UKRF”), a Kentucky 501(c)(3) nonprofit corporation having an office at 109 Kinkead Hall, Lexington, KY 40506-0057, as the agent of the University of Kentucky (“UKY”) for receiving grants and research documents from external funding sources and which owns and controls intellectual property on behalf of UKY (UKRF and UKY hereinafter referred to collectively as “UNIVERSITY”) and \_\_\_\_\_ (“SBC”), a small business concern organized as a \_\_\_\_\_ under the laws of the State of \_\_\_\_\_ and having a principal place of business at \_\_\_\_\_, for the purpose of allocating between the parties certain rights relating to a research project subject to the proposal identified below (“Project”), which Project is to be carried out by UNIVERSITY and SBC (hereinafter collectively referred to as the “Parties” and individually referred to as a “Party”) under a funding agreement that may be awarded by \_\_\_\_\_ (“Agency”) to SBC to fund a proposal entitled “\_\_\_\_\_” submitted, or to be submitted, to the Agency by SBC on or about \_\_\_\_\_, under Agency’s [check applicable program] \_\_\_\_\_ Small Business Innovation Research (SBIR) Program \_\_\_\_\_ Small Business Technology Transfer (STTR) Program.**

**1. Applicability of this Agreement.**

- A. This Agreement shall be applicable only to the matters relating to the Project referred to in the preamble above.
- B. If a funding agreement for this Project is awarded to SBC based upon the proposal referred to in the preamble above, SBC will promptly provide a copy of such funding agreement to UNIVERSITY, and SBC will make a subaward to UNIVERSITY in accordance with the funding agreement and the proposal which incorporates the terms of 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 UNIVERSITY to accept the subaward, as the case may be. If a subaward is made by SBC and accepted by UNIVERSITY, this Agreement shall not be applicable to contradict the terms of such subaward or of the funding agreement awarded by the 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.
- C. The provisions of this Agreement shall apply to any and all consultants, subcontractors, independent contractors, or other individuals employed by SBC or UNIVERSITY for the purposes of this Project.

**2. Background Intellectual Property.**

- A. “Background Intellectual Property” means property and the legal rights 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, the use of which is essential in connection with research or development activities for this Project and/or to the practice or commercialization of the results of the subaward. UNIVERSITY's Background Intellectual Property shall be limited to that developed by those UNIVERSITY employees who are to perform work under the subaward, and the use of which in connection with this Agreement is not otherwise prohibited by contract or law.

- B. This Agreement shall not be construed as implying that either Party hereto shall have the right to use the Background Intellectual Property of the other in connection with this Project except as otherwise provided hereunder. Where the Parties determine that Background Intellectual Property may exist, consideration should be given to the availability and negotiation of commercial license rights that will allow the practice and commercialization of the results of this Agreement.
- (i) The following Background Intellectual Property of SBC may be used nonexclusively and, except as noted, without compensation by UNIVERSITY solely in connection with research or development activities for this Project (if "none" so state):
  
  - (ii) The following Background Intellectual Property of UNIVERSITY may be used nonexclusively and, except as noted, without compensation by SBC solely in connection with research or development activities for this Project (if "none" so state):

**NOTE: If UNIVERSITY Background Intellectual Property is listed, the UNIVERSITY Office of Intellectual Property must review this Agreement and indicate concurrence, prior to execution. Additional terms regarding option rights and/or commercial license rights for UNIVERSITY Background Intellectual Property would need to be negotiated with the Office of Intellectual Property and incorporated into this Agreement, if applicable.**

### 3. Project Intellectual Property.

- A. "Project Intellectual Property" means property and the legal rights therein 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 the Project subject to this Agreement.

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

B. Subject Inventions:

- (i) Inventorship of any invention or discovery which is conceived or first actually reduced to practice in the performance of this Project and which may be patentable under Title 35 U.S.C. ("Subject Invention") will be determined in accordance with U.S. Patent Law. The rights of the Parties to Subject Inventions shall be as set forth in the Patent rights clause of 37 CFR 401.14. The Agency may obtain title to any Subject Invention not elected by a Party as set forth in the Patent rights clause.
- (ii) A Subject Invention shall be owned by the Party whose employees make or generate the Subject Invention. All rights to Subject Inventions made solely by employees of UNIVERSITY will belong solely to UNIVERSITY ("UNIVERSITY Inventions"). All rights to Subject Inventions made solely by employees of SBC will belong solely to SBC ("SBC Inventions"). All rights to Subject Inventions made jointly by employees of UNIVERSITY and employees of SBC will belong jointly to UNIVERSITY and SBC unless otherwise agreed in writing between the Parties ("Joint Inventions").
- (iii) The Parties agree to disclose to each other, in writing, each and every Subject Invention, and will do so within two (2) months after their respective inventor(s) first disclose the Subject Invention in writing to the person(s) responsible for patent matters of the disclosing Party. Disclosures to the Agency shall be within the time provided in paragraph (c)(1) of the Patent rights clause of 37 CFR 401.14. All written disclosures of such Subject Inventions shall contain sufficient detail of the Subject Invention and identification of any known statutory bars and shall be marked confidential in accordance with 35 U.S.C. §205. The receiving Party will hold such disclosure on a confidential basis and will use reasonable efforts not to disclose the information to any third party without consent of the disclosing Party.
- (iv) UNIVERSITY will control the preparation and prosecution of all patent applications and maintenance of all patents on UNIVERSITY Inventions. For Joint Inventions, SBC may, with UNIVERSITY's written approval, direct the patent application filing, prosecution and maintenance. All patent applications arising under this Agreement will be filed in the name(s) of the inventor(s) and will identify the inventor(s)' assignee(s) as the owner(s). For UNIVERSITY, such assignee designation is The University of Kentucky Research Foundation.
- (v) SBC will have an exclusive, time-limited first option to negotiate commercial rights under an option or license agreement ("Commercial Rights Agreement") to the Subject Inventions in which UNIVERSITY has an ownership interest, subject to any rights of the Government therein. The following terms apply unless other provisions are negotiated and agreed in writing by the Parties:
  - (a) SBC will advise UNIVERSITY in writing within sixty (60) days of SBC's receipt of written disclosure of such a Subject Invention whether or not SBC wishes to negotiate a Commercial Rights Agreement to a UNIVERSITY

Invention, or if a Joint Invention, whether or not SBC wishes to negotiate an exclusive Commercial Rights Agreement ("Option Period").

- (b) Any time prior to the expiration or termination of the Option Period, SBC may exercise its option by giving written notice to UNIVERSITY, whereupon the Parties will promptly and in good faith enter into negotiation of a non-exclusive or exclusive Commercial Rights Agreement under UNIVERSITY's rights in the Subject Invention, or for an exclusive Commercial Rights Agreement under UNIVERSITY's co-ownership rights in a Joint 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 UNIVERSITY Invention or the Joint Invention. SBC will have ninety (90) days from the date it exercises its option to conclude a Commercial Rights Agreement with UNIVERSITY, which ninety (90) day period may be extended by mutual agreement of the Parties ("Negotiation Period").
- (c) The terms of said Commercial Rights Agreement will include: (i) if an option agreement, payment of reasonable option fee(s) to UNIVERSITY, or if a license agreement, payment of reasonable royalties and/or license fees to UNIVERSITY; (ii) reimbursement by SBC of all expenses incurred by UNIVERSITY in seeking and maintaining patent protection for the Subject Invention in countries covered by the Commercial Rights Agreement; and, in the case of an exclusive Commercial Rights Agreement, (iii) reasonable commercialization milestones and/or minimum royalties. Any Commercial Rights Agreement will also require diligent performance by SBC for the timely commercial development and early marketing of the Subject Invention.
- (d) At the time of SBC's exercise of its option to negotiate a Commercial Rights Agreement, SBC will advise UNIVERSITY, in writing, whether it requests UNIVERSITY to file and prosecute patent application(s), and if so, in what countries, at SBC's expense on the Subject Invention. If SBC makes no such request, UNIVERSITY has no obligation to file for statutory protection. If SBC makes no such request and UNIVERSITY does elect to file, SBC will not have any responsibility for reimbursement of such patent costs until such time as it executes a Commercial Rights Agreement to such Subject Invention. When UNIVERSITY files for patent protection on either a UNIVERSITY Invention or a Joint Invention at the request of SBC, then SBC will reimburse UNIVERSITY for all documented expenses incurred in connection with the filing and prosecution of such patent application(s) within thirty (30) days after SBC's receipt of UNIVERSITY's invoice.
- (e) Except with the written consent of SBC or upon the failure of SBC to reimburse patenting expenses as required under this section, UNIVERSITY will not voluntarily discontinue the pursuit and maintenance of any patent protection for the Subject Invention initiated by UNIVERSITY at the request of SBC. For any Subject Invention for which SBC requests in writing that UNIVERSITY pursue and maintain patent protection, UNIVERSITY will keep SBC fully and promptly informed, including providing it with copies of all relevant documents, and will give SBC reasonable opportunity to review and make comments with regard to such patent prosecution.

- (f) If a Commercial Rights Agreement is not concluded within the Negotiation Period, neither Party will have any further obligations to the other with respect to such Subject Invention. If SBC elects not to secure a Commercial Rights Agreement, rights to such Subject Invention will be disposed of in accordance with UNIVERSITY's policies, with no further obligation to SBC with respect to such Subject Invention.

C. Copyright

- (i) Ownership of copyrighted works, including computer software, first made or generated during the performance of this Project shall vest in the Party whose personnel create or fix the work in a tangible medium of expression ("Copyrighted Work"), and such Party may perfect legal protection in its own name and at its own expense. Jointly created Copyrighted Works shall be jointly owned by the Parties unless otherwise agreed in writing between the Parties ("Joint Work").
- (ii) To the extent UNIVERSITY has the legal right to do so, UNIVERSITY grants to SBC an option to commercialize any Copyrighted Work of UNIVERSITY, subject to any rights of the Government therein. The option period shall extend for sixty (60) days following completion of UNIVERSITY's performance of that phase of this Project in which such UNIVERSITY-owned Copyrighted Work was developed. Any time prior to the expiration or termination of an option, SBC may exercise such option by giving written notice to UNIVERSITY, whereupon the Parties will promptly and in good faith enter into negotiation for a Commercial Rights Agreement under UNIVERSITY's interest in the subject Copyrighted Work on such reasonable terms and conditions, including reasonable royalties and/or license fees and, in the case of an exclusive Commercial Rights Agreement, reasonable commercialization milestones and/or minimum royalties, as the Parties may mutually agree in writing.

- D. Government Rights. In addition to the Government's rights under the Patent rights clause of 37 CFR 401.14, the Parties agree that the Government shall have an irrevocable, royalty free, nonexclusive license for any Governmental purpose in any Project Intellectual Property.

**4. Follow-on Research or Development.**

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

**5. Confidentiality**

- A. Background Intellectual Property and Project Intellectual Property of a Party, as well as other proprietary or confidential information of a Party, which is disclosed by that Party to the other in direct connection with the performance of this Project shall be received and held in confidence by the receiving Party and, except with the consent of the disclosing Party or as otherwise permitted under this Agreement, shall be neither used by the receiving Party nor disclosed by the receiving Party to others, provided that such

information is marked or otherwise identified in writing as “confidential” or “proprietary” by the disclosing Party at the time of disclosure. Oral disclosure of such information will be reduced to writing by the disclosing Party, marked as “confidential” or “proprietary”, and delivered to the receiving Party within thirty (30) days. This obligation of confidentiality will continue in effect for three (3) years after expiration or termination of the Agreement.

- B. These confidentiality obligations shall not apply to use or disclosure by the receiving Party after such information:
- (i) is or becomes known to the public without breach of this provision; or
  - (ii) is or becomes known to the receiving Party from a source reasonably believed to be independent of the disclosing Party; or
  - (iii) is developed by or for the receiving Party independently of its access to or knowledge of the disclosing Party’s confidential or proprietary information; or
  - (iv) was already in receiving Party’s possession on a non-confidential basis prior to receipt from the disclosing Party; or
  - (v) is required by law, by order of a governmental authority, or by a court of competent jurisdiction to be disclosed; or
  - (vi) is explicitly approved for release by written authorization of the disclosing Party.
- C. SBC acknowledges and agrees that UNIVERSITY will implement its confidentiality obligations hereunder by using reasonable efforts in requiring those UNIVERSITY employees and students identified as needing access to SBC’s confidential information to acknowledge their understanding and acceptance of the terms of this Agreement as a condition of such access.

## **6. Publication**

- A. Subject to the terms of Article 5 above, either Party will, unless otherwise precluded by contract or law, have the right to copyright, publish, disclose, disseminate and use, in whole and in part, any data and information developed by it in the performance of the Project or received from the other Party that is not subject to the Confidentiality obligations hereof. SBC will have the right to publish and use any technical reports and information specified to be delivered by UNIVERSITY under its subaward with SBC. It is agreed, however, that under no circumstances will SBC state or imply in any publication or other published announcement without prior written permission of an authorized representative of UNIVERSITY that UNIVERSITY has tested or approved any product.
- B. A Party wishing to publish any data and information generated in its performance of this Project shall provide the other Party with a copy of any proposed written or oral publication (including manuscripts, abstracts, and oral presentations) at least thirty (30) days prior to submission for publication to allow the other Party to review such proposed publication, identify its proprietary or confidential information contained therein, and submit comments. The publishing Party will give full consideration to all comments of

the reviewing Party before publication. Upon written notification submitted by the reviewing Party within thirty (30) days of its receipt of the proposed publication, the publishing Party agrees:

- (i) to delete any of the reviewing Party's proprietary or confidential information, or
- (ii) to delay enabling public disclosure of potentially patentable subject matter for an additional sixty (60) days from receipt of the reviewing Party's notification in order to file a patent application. Alternatively, the publishing Party will have the option, at its sole discretion, of revising the proposed manuscript of presentation materials to avoid enabling disclosure of the potentially patentable subject matter and proceeding with publication or presentation without further delay.

## **7. Termination.**

- A. This Agreement may be terminated (i) by either Party upon at least thirty (30) days written notice to the other Party that states the effective date of termination and reason for such termination notice, or (ii) by either Party upon thirty (30) days written notice in the event of the failure of the other Party to comply with the terms of this Agreement, or (iii) in accordance with the termination provisions of any subaward that incorporates this Agreement.
- B. In the event that SBC does not receive the pending award from the Agency for this Project, this Agreement automatically will become null and void, provided, however, that any rights or obligations under this Agreement that by their nature are intended to survive shall survive.

## **8. 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 in part from such Party in connection with this Project.
- B. SBC will indemnify and hold harmless UNIVERSITY with regard to any claims arising in connection with commercialization of the results of this Project by or under the authority of SBC. The Parties will indemnify and hold harmless the Government with regard to any claims arising in connection with commercialization of the results of this Project, except that UNIVERSITY's liability shall be limited to the extent permitted by Kentucky law.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date of last signature below.

**AGREED TO AND ACCEPTED:**

**UNIVERSITY OF KENTUCKY  
RESEARCH FOUNDATION**

**SMALL BUSINESS CONCERN**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Standard form approved by <name> <date approved>