

Small Business Innovation Research (SBIR) Program
or
Small Business Technology Transfer (STTR) Program
Collaboration & Allocation of Rights Agreement

This Agreement between _____, a small business concern organized as a corporation under the laws of the state of _____ and having a principal place of business at _____, (“COMPANY”) and the University of South Alabama, an Alabama research institution of higher education having a principal place of business at 307 University Boulevard, Mobile, Alabama 36688 (“USA”) is entered into for the purpose of collaborating on and allocating between the parties certain rights relating to a Small Business Technology Transfer (STTR)/Small Business Innovation Research (SBIR) project to be carried out by COMPANY and USA (hereinafter collectively referred to as the “Parties”) under SBIR/STTR funding agreement _____, awarded on or about _____ 200x, by the _____ (“Agency”) to COMPANY to fund a proposal entitled “_____” (“Research Program”).

1. Statement of Work

USA agrees to use its reasonable best efforts to perform that portion of the Research Program allocated to USA, which is made a part of and affixed to this Agreement hereto as **Attachment A**.

2. Principal Investigators

The USA portion of the Research Program will be supervised by _____. (“USA Principal Investigator”). If, for any reason, he is unable to continue to serve as USA Principal Investigator, then a successor will be designated by USA and COMPANY will be so notified. The COMPANY portion of the Research Program will be supervised by _____ (“COMPANY Principal Investigator”). If, for any reason, he is unable to continue to serve as COMPANY Principal Investigator, then a successor will be designated by COMPANY and USA will be so notified.

3. Period of Performance

The Research Program shall be conducted during the period from _____, 200x to _____, 200x, and will be subject to renewal only by mutual written agreement of the Parties.

4. Agreement Price

The maximum level of allowable costs which USA may incur pursuant to this Agreement is \$ _____, which represents the maximum financial obligation of COMPANY under this Agreement. The Budget under this subcontract is affixed to this Agreement hereto as **Attachment B**.

5. Payment

Payments shall be made quarterly to USA in U.S. dollars, net of taxes or impost of any kind. Each payment shall be due within thirty (30) days of USA’s mailing of the quarterly invoice to COMPANY. A final financial accounting of all costs incurred and all funds received by USA hereunder, together with a check for the amount of the unexpended balance, if any, shall be submitted to COMPANY within ninety (90) days following completion of the Research Program.

Checks are to be made payable to the University of South Alabama and mailed to the following address:

Mr. Ben Tipton
Manager, Grants and Contracts
University of South Alabama
307 University Boulevard, AD 380
Mobile, AL 36688
(251) 460-6434

6. Applicability of this Agreement

- (a) This Agreement shall be applicable only to matters relating to the Research Program referenced in the preamble above.
- (b) The provisions of this Agreement shall apply to any and all consultants, subcontractors, independent contractors, or other individuals employed by COMPANY or USA for the purposes of this Agreement.
- (c) COMPANY will promptly provide a copy of the STTR funding agreement to USA, and COMPANY will make a sub-award to USA 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 shall not be obligated to award nor USA to accept the sub-award, as the case may be. If a sub-award is made by COMPANY and accepted by USA, this Agreement shall not be applicable to contradict the terms of such sub-award or of the funding agreement awarded by Agency to COMPANY except on the grounds of fraud, misrepresentation, or mistake, but shall be considered to resolve ambiguities in the terms of the sub-award.

7. 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 Agreement.
- (b) The rights of the Parties and of the U.S. Government to Subject Inventions made in the performance of this Agreement shall be as set forth in the standard patent rights clause as set forth at 37 CFR 401.14. Under this clause the U.S. Government has a nonexclusive, nontransferable, irrevocable, paid up license to practice Subject Inventions for U.S. Government purposes only, and the Agency may obtain title to any Subject Invention not elected by a Party.
- (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.
- (d) The COMPANY and USA agree that they will negotiate in good faith and according to standard business principles an appropriate allocation between the parties of any net sales revenues or other income or revenue resulting from the practice, licensing, or exploitation of the Project Intellectual Property. Such negotiation will occur at such time that COMPANY chooses to exercise its exclusive option to USA Project Intellectual Property.
- (e) COMPANY will be responsible for all expenses and other liabilities associated with the COMPANY'S and/or its licensees' development and marketing of any product, process,

innovation or invention developed as Project Intellectual Property in the course of the Research Program under this Agreement.

- (f) The 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, U.S.C. The Parties acknowledge that they will disclose Subject Inventions to each other 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 Subject 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. Section 205. Disclosures to the Agency shall be within the time provided in paragraph (c)(1) of the Patent rights clause of 37 CFR 401.14.
- (g) Each Party hereto may use Project Intellectual Property of the other Party non-exclusively and without compensation in connection with the Research Program under this Agreement, including inclusion in STTR Research Program reports to the Agency and proposals to the Agency for continued funding of this STTR Research Program through additional phases.
- (h) COMPANY will have the first option to commercialize the Project Intellectual Property of USA, subject to any rights of the Government therein. The following terms will apply to such commercialization:
 - (I) Where Project Intellectual Property of USA is a potentially patentable invention, COMPANY will have an exclusive option for an exclusive, worldwide license to such invention, with the right to sublicense, for an initial period of six (6) months after such invention has been reported to COMPANY ("First Option Period"). COMPANY may, at its election and subject to the patent expense reimbursement provisions of this section, extend such option for an additional six (6) months by giving written notice of such election to USA prior to the expiration of the First Option Period ("Second Option Period"). During the Second Option Period, USA will pursue and maintain any patent protection for the invention requested in writing by COMPANY and, except with the written consent of COMPANY or upon the failure of COMPANY 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 USA or of any patent protection requested by COMPANY.
 - (II) For any invention for which COMPANY gives notice of its election to enter a Second Option Period, COMPANY will, within thirty (30) days after invoice, reimburse USA for the expenses incurred by USA prior to expiration or termination of the First Option Period in pursuing and maintaining (i) any United States patent protection initiated by USA and (ii) any patent protection requested by COMPANY. COMPANY may terminate such Second Option Period at will by giving written notice to USA, in which case further accrual of reimbursable patenting expenses hereunder, other than prior commitments not practically revocable, will cease upon USA's receipt of such notice.
 - (III) If COMPANY has not exercised its option or requested an extension of the option at the expiration of the First Option Period or the Second Option Period, then at the expiration of either such period, COMPANY shall have no further rights with respect to said invention,

and USA will have no further obligations to COMPANY with respect to said invention.

- (IV) At any time prior to the expiration or termination of an option period, COMPANY may exercise such option by giving written notice to USA, whereupon the Parties will promptly and in good faith enter into negotiations for a license under USA's patent rights in the Project Intellectual Property for COMPANY 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. The negotiations for such license will be concluded no more than six (6) months after COMPANY'S exercise of such option.
- (V) The terms of any such license will include: (i) payment of reasonable royalties to USA on sales of products or services which embody, or the development, manufacture or use of which involves employment of, the invention; (ii) reimbursement by COMPANY of expenses incurred by USA in seeking and maintaining patent protection for the invention in countries covered by the license, (iii) payment of reasonable commercialization milestones and/or minimum royalties, (iv) appropriate insurance, naming USA as a co-insured, (v) indemnification of USA against all claims of liability arising from the manufacture, use, testing, or sale of any product based on Project Intellectual Property, except to the extent that such claim arises from USA's negligence, and (vi) provisions that COMPANY will use all reasonable efforts to effect introduction of a product based on Project Intellectual Property into the commercial marketplace as soon as is practicable, consistent with sound business judgment.
- (VI) Where Project Intellectual Property of USA is other than a potentially patentable invention, COMPANY will have an exclusive option for a license to such Project Intellectual Property of USA, for a period extending until six (6) months following completion of USA's performance of the Research Project. COMPANY may exercise such option by giving written notice to USA, whereupon the parties will promptly and in good faith enter into negotiations for an appropriate license under USA's interest in the subject matter for COMPANY 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 USA. The terms of such license will include those described in Article 8.i.IV above, as applicable
- (VII) Where more than one royalty might otherwise be due in respect of any unit of product or service based on Project Intellectual Property 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 unit.

8. Follow-on Research or Development.

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 insure that the Parties and the

Government obtain and retain such rights granted herein in all future resulting research, development, or commercialization work.

9. Confidentiality/Publication.

- (a) 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, or is required to be disclosed by law or court order.
- (b) Subject to the terms of Article 9(a) above, either Party may publish its results from this Research Program. The publishing Party shall provide the other (reviewing) Party a copy of any proposed publication or presentation arising out of this Research Program at least thirty (30) days in advance of submission of the publication or presentation to allow the reviewing Party to identify proprietary or confidential information of said Party. The publishing Party will remove proprietary or confidential information identified by the reviewing Party. Upon request of the reviewing Party, submission for presentation or publication will be deferred for up to 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. In no instance will the delay in submission for publication or presentation exceed a total of ninety (90) days from first submission by the publishing Party to the reviewing Party.

10. 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 PROJECT.
- (b) COMPANY will indemnify and hold harmless USA with regard to any claims arising in connection with commercialization of the results of this STTR/SBIR project by or under the authority of COMPANY.

11. Termination.

- (a) This Agreement may be terminated by either Party without cause upon sixty (60) days written notice to the other Party. This Agreement may also be terminated by either Party upon thirty (30) days written notice to the other Party in the event of the failure of the other Party to comply with the terms of this Agreement, after having been given thirty (30) days written notice of such failure to comply.
- (b) 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. The confidentiality, use, and/or non-disclosure obligations of this Agreement shall survive any termination of this Agreement.

12. Use of Names.

Neither Party will use the name of the other Party or the name of any employee of the other Party in any advertising or other forms of publicity or public media without the express written permission of the other Party.

13. Notices.

Any notices required to be given or which shall be given under this Agreement shall be in writing, delivered and addressed to the Parties as follows:

If to the University of South Alabama:

Robert W. Galbraith, Jr.
Assistant Vice President
Office of Sponsored Programs
307 University Boulevard, AD 200
Mobile, AL 36688-0002

If to COMPANY

14. Governing Law.

The validity and interpretation of this Agreement and the legal relation of the Parties to it shall be governed by the laws of the State of Alabama.

15. Non-discrimination

The Parties agree to be bound by applicable state and federal rules governing equal employment opportunity and non-discrimination.

16. Terms and Considerations.

This contract is governed by the following required federal assurances, which are hereby incorporated by reference:

Civil Rights/Equal Opportunity	Title VI of Civil Rights Act of 1964; Section 504 Rehabilitation Act of 1973; Age Discrimination Act of 1975; Title IX of Education Amendments of 1972
Vertebrate Animals	Animal Welfare Act, 7 USC §2131
Protection of Human Subjects	45 CFR, Part 46
Drug-free Workplace Act of 1988	45 CFR, Part 76
Debarment & Suspension	Executive Order 12549 45 CFR, Part 93
Lobbying	31 USC §1352 45 CFR, Part 76
Conflict of Interest	42 CFR Part 50, Subpart F

Misconduct in Science

42 CFR, Part 94
42 CFR, Part 50, Subpart A

Delinquent Federal Debt

OMB M-87-32

17. Entire Agreement.

This Agreement embodies the entire understanding between the Parties, and supercedes any prior or contemporaneous representations, either oral or written. No amendments or changes to this Agreement, including without limitation changes in statement of work, total estimated cost and period of performance, shall be effective unless made in writing and signed by duly authorized representatives of each Party.

AGREED TO AND ACCEPTED:

Company

University of South Alabama

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

I have read this Agreement, understand the obligations placed on me and my laboratory under this Agreement, and agree to be bound by them.

USA Principal Investigator