

**SMALL BUSINESS INNOVATION RESEARCH (SBIR)/
SMALL BUSINESS TECHNOLOGY TRANSFER (STTR)
COOPERATIVE RESEARCH AGREEMENT
BETWEEN
UTEP ([INSERT FACULTY]) AND [INSERT COMPANY NAME]**

**Allocation of Rights in Intellectual Property and Rights to
Carry Out Follow-on Research, Development, or Commercialization**

This Agreement between [INSERT COMPANY NAME], a small business concern organized as a [INSERT BUSINESS ENTITY TYPE] under the laws of [STATE] and having a principal place of business at [INSERT COMPANY ADDRESS], (“COMPANY”) and The University of Texas at El Paso, a component institution of The University of Texas System (“SYSTEM”), having a principal place of business at 500 W. University Ave., El Paso, TX 79968, (“UTEP”) is entered into for the purpose of allocating between COMPANY and UTEP (“Parties”, or singly, “Party”) certain rights relating to an SBIR/STTR project to be carried out by the Parties under an SBIR/STTR funding agreement that may be awarded by the [INSERT FED AGENCY] (“FEDERAL AGENCY”) to COMPANY to fund a proposal entitled “[INSERT PROPOSAL TITLE]” with SBIR/STTR topic submission number [INSERT SUBMISSION NUMBER], submitted, or to be submitted, to the FEDERAL AGENCY by COMPANY on or about [INSERT SUBMISSION DATE] (“SBIR/STTR”).

1. Applicability of this Agreement.

(a) This Agreement shall be applicable only to matters relating to the FEDERAL AGENCY-funded SBIR/STTR project encompassing the SBIR/STTR Proposal (“SBIR/STTR Project”).

(b) If a funded SBIR/STTR Project is awarded to COMPANY, COMPANY will promptly provide a copy of such funding agreement to UTEP, and COMPANY will make a sub-award to UTEP in accordance with the funding agreement, the SBIR/STTR 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 UTEP to accept the sub-award, as the case may be. If a sub-award is made by COMPANY and accepted by UTEP, this Agreement shall not be applicable to contradict the terms of such sub-award or of the funding agreement awarded by the FEDERAL 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.

(c) The sub-award to UTEP shall provide for an overhead rate equal to the current overhead rate negotiated between UTEP and FEDERAL AGENCY.

(d) The provisions of this Agreement shall apply to any and all consultants, subcontractors, independent contractors, or other individuals employed by COMPANY or UTEP for the purposes of the SBIR/STTR Project.

2. Definitions.

(a) “Background Intellectual Property” means 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 the SBIR/STTR Project.

(b) “License Receipts” means the actual royalties, fees, payments, equity securities and other sums, excluding research and development money and reimbursement of patent expenses, received in consideration of licenses or other rights granted to, or things of value delivered to, third parties in connection with the Project Intellectual Property, as well as any monetary recovery received from enforcement of Project Intellectual Property against infringement.

(c) “Net Sales” means the gross revenues received from the sale of Products, less sales and/or use taxes actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

(d) “Project Intellectual Property” means the legal rights relating to inventions (including, but not limited to, “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 SBIR/STTR Project.

(e) “Products” (or singly, “Product”) means products or services sold that embody Project Intellectual Property, or the development, manufacture, identification of (either in whole or in part) and/or use of which involves the employment of Project Intellectual Property.

3. Background Intellectual Property Rights.

It is possible that one or both Parties may possess rights in Background Intellectual Property. For example, one Party’s attempts to commercialize the results of the SBIR/STTR Project may require the licensing of Background Intellectual Property developed by the other Party. Where the Parties determine that such Background Intellectual Property may exist, consideration should be given to negotiating license rights which will allow the practice and commercialization of the results of the SBIR/STTR Project.

4. Project Intellectual Property Rights.

(a) The rights of the Parties to Project Intellectual Property made by their employees in the performance of the SBIR/STTR Project shall be as set forth in the patent rights clause of 37 CFR 401.14. The FEDERAL AGENCY may obtain title to any Project Intellectual Property not elected by a Party as set forth in the patent rights clause.

Unless otherwise agreed in writing, 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 unless otherwise agreed in writing.

Subject to the FEDERAL AGENCY's rights under the patent rights clause of 37 CFR 401.14, COMPANY acknowledges that all intellectual property developed by UTEP faculty, staff and students developed using UTEP facilities, including but not limited to Project Intellectual Property, is subject to ownership by the Board of Regents of System ("Board") as set forth in the Board's *Rules and Regulations*, Series 90000 ("Rules").

In addition to the FEDERAL AGENCY's rights under the Patent rights clause of 37 CFR 401.14, the Parties agree that the U.S. federal government ("Government") shall have an irrevocable, royalty free, nonexclusive license for any Government purpose in any Project Intellectual Property.

(1) Unless set forth in a license agreement pursuant to Section 4(d), any revenues and profits resulting from the practice, licensing, or exploitation of Project Intellectual Property generated by either Party shall be allocated between COMPANY and UTEP as follows:

COMPANY _____ % Net Sales and License Receipts

UTEP _____ % Net Sales and License Receipts

(2) Patent expenses associated with the development and marketing of any Product shall be allocated as follows: the COMPANY will be responsible for _____ percent and UTEP will be responsible for _____ percent.

(b) The Parties agree to disclose to each other, in writing, each and every Project Intellectual Property. The Parties acknowledge that they will disclose Project Intellectual Property to each other within ONE (1) month after their respective inventor(s) first disclose such Project Intellectual Property in writing in accordance with the notice guidelines set forth in Section 8. All written disclosures of such Project Intellectual Property shall contain sufficient detail of the Project Intellectual Property, identification of any statutory bars, and shall be marked confidential, in accordance with 35 U.S.C. Section 205. Disclosures to the FEDERAL AGENCY shall be within the time provided in paragraph (c)(1) of the patent rights clause of 37 CFR 401.14.

(c) Each Party hereto may use Project Intellectual Property of the other nonexclusively and without compensation in connection with research or development activities for the SBIR/STTR Project, including inclusion in SBIR/STTR Project reports to the FEDERAL AGENCY and proposals to the FEDERAL AGENCY for continued funding of the SBIR/STTR Project through additional phases.

(d) COMPANY will have an exclusive option to commercialize the Project Intellectual Property of UTEP ("Optioned Intellectual Property"), subject to any rights of the Government therein. COMPANY's option period of SIX (6) months shall commence upon COMPANY's receipt of written disclosure of Project Intellectual Property in accordance with Section 4(b). COMPANY may, at its election and subject to the patent expense reimbursement provisions of this section,

extend such option period once for an additional THREE (3) months by giving written notice of such election to UTEP prior to the expiration of the initial option period. During the period of such option following notice by COMPANY of election to extend, UTEP will pursue and maintain any patent protection for such Optioned Intellectual Property 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 such Optioned Intellectual Property initiated by UTEP or of any patent protection requested by COMPANY. For any such Optioned Intellectual Property for which COMPANY gives notice of its election to extend the option, COMPANY will, within THIRTY (30) days after invoice, reimburse UTEP for the expenses incurred by UTEP prior to expiration or termination of the option period in pursuing and maintaining (i) any United States patent protection initiated by UTEP and (ii) any patent protection requested by COMPANY. COMPANY may terminate such option at will by giving written notice to UTEP during the initial option period or during the option extension period, in which case further accrual of reimbursable patenting expenses hereunder, other than prior commitments not practically revocable, will cease upon UTEP's receipt of such notice. At any time prior to the expiration or termination of the option, COMPANY may exercise such option by giving written notice to UTEP, whereupon the Parties will promptly and in good faith enter into negotiations for a license under UTEP's rights (patent or otherwise) in such Optioned Intellectual Property for COMPANY to develop, use and or sell Products. The terms of such license will include: (i) payment of reasonable royalties to UTEP on Net Sales of Products; (ii) reimbursement by COMPANY of expenses incurred by UTEP in seeking and maintaining patent protection for such Optioned Intellectual Property in countries covered by the license; and, in the case of an exclusive license, (iii) reasonable commercialization milestones and/or minimum royalties.

(e) Where more than one royalty might otherwise be due in respect of any Product 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 by providing in such license(s) for a reasonable discount or cap on total royalties due in respect of any such unit.

(f) All option and/or license agreements negotiated by COMPANY and UTEP shall comply with Board of Regents' Rules.

5. 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.

6. 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 the SBIR/STTR Project shall be received and held in confidence for a period of FIVE (5)

years by the receiving Party and, except with the consent of the disclosing Party or as permitted under this Agreement, or as required by law or regulation, 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) Project Intellectual Property may be disclosed to third parties provided that any such third party executes a confidential disclosure and limited use agreement previously approved by both Parties.

(c) Background Intellectual Property may only be disclosed by the owning Party.

(d) Subject to the terms of paragraphs (a), (b) and (c) above, either Party may publish its results from the SBIR/STTR Project. However, the publishing Party shall provide the other Party a THIRTY (30) 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 THIRTY (30) 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.

7. 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 the SBIR/STTR Project.

(b) COMPANY will indemnify and hold harmless UTEP, System, Board, and its officers, employees and agents with regard to any claims arising in connection with commercialization of the results of the SBIR/STTR Project by or under the authority of COMPANY. The Parties will indemnify and hold harmless the Government with regard to any claims arising in connection with commercialization of the results of the SBIR/STTR Project.

(c) LIMITATIONS. COMPANY AND UTEP AGREE THAT THERE ARE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON THE AUTHORITY OF UTEP (A TEXAS STATE AGENCY) TO ENTER INTO CERTAIN TERMS AND CONDITIONS THAT MAY BE A PART OF THIS AGREEMENT, INCLUDING THE TEXAS PUBLIC INFORMATION ACT AS SET FORTH IN CHAPTER 552 OF THE TEXAS GOVERNMENT CODE. ACCORDINGLY, THE TERMS AND CONDITIONS OF THIS AGREEMENT ARE ONLY BINDING ON UTEP TO THE EXTENT AUTHORIZED BY THE LAWS AND

CONSTITUTION OF THE STATE OF TEXAS. Company and UTEP specifically agree that (i) neither the execution of this Agreement by UTEP nor any other conduct, action or inaction of any representative of UTEP relating to this Agreement constitutes or is intended to constitute a waiver of UTEP's or the state's sovereign immunity to suit and (ii) Parties have not waived its right to seek redress in the courts.

8. Notice.

Any notice required by this Agreement must be given by email or facsimile transmission confirmed by personal delivery (including delivery by reputable messenger services such as Federal Express) or by prepaid, first class, certified mail, return receipt requested, addressed in the case of UTEP to:

Office of Technology Commercialization
The University of Texas at El Paso
Administration Bldg. Room 209
500 W. University Ave.
El Paso, TX 79968
Phone: 915-747-6717
Email: techtransfer@utep.edu

or in the case of COMPANY to:

[INSERT CONTACT INFO]

9. Termination.

(a) This Agreement may be terminated by either Party upon THIRTY (30) days written notice to the other Party. This Agreement may also 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 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.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

THE UNIVERSITY OF TEXAS AT EL PASO

Dr. Roberto A. Osegueda
Vice President for Research

Date: _____

[INSERT COMPANY NAME]

[INSERT COMPANY SIGNATORY]

Title

Date: _____

Questions?



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