**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 Board of Trustees of the University of Illinois, a body corporate and politic organized and existing under the laws of the State of Illinois, on behalf of the University of Illinois at Urbana-Champaign, through Sponsored Programs Administration, 1901 South First Street, Suite A, Champaign, IL 61820-7406 ("UNIVERSITY") and      , a small business concern organized as a       under the laws of the State of       and having a principal place of business at       ("SBC") for the purpose of allocating between the parties certain rights relating to a research project (“Project”) 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 “” (“Proposal”) 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 or Small Business Technology Transfer (STTR) Program. The parties may be referred to individually as “Party” and collectively as the “Parties”.

1. **Applicability of this Agreement.**
2. This Agreement shall be applicable only to the matters relating to the Project referred to in the preamble above.
3. If a funding agreement for the 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 (“Subaward”) 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 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.
4. The provisions of this Agreement shall apply to any and all employees, agents, affiliates, consultants, subcontractors, independent contractors, or other individuals employed (“Personnel”) by SBC or UNIVERSITY for the purposes of this Project.
5. **Background Intellectual Property.**
6. “Background Intellectual Property” means property and the legal rights therein of either or both Parties developed before or independent of the Project 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 for the research or development activities in performance of the Project and/or to the practice or commercialization of the results created in performance of the Project. UNIVERSITY’s Background Intellectual Property shall be limited to that developed by those UNIVERSITY Personnel who are to perform work under the Subaward, and the use of which in connection with the Project is not otherwise prohibited or limited by contract or law.
7. 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 the Project except as stated below. Where the Parties determine that Background Intellectual Property may exist, consideration should be given to the availability and negotiation of license rights that will allow the practice and commercialization of the results of the Project.
8. 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 the Project (if “none” so state):

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1. **Project Intellectual Property.**
2. “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, conceived or first actually reduced to practice in the performance of the Project subject to this Agreement.

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

1. Subject Inventions:
2. Inventorship of any Project Intellectual Property 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 and of the Agency to Subject Inventions shall be as set forth in 37 CFR 401.14 (“Patent rights clause”).
3. A Subject Invention shall be owned by the Party whose Personnel make or generate the Subject Invention and that Party may, at its discretion, perfect legal protection therein in its own name and at its own expense. All rights to Subject Inventions made solely by UNIVERSITY Personnel will belong solely to UNIVERSITY (“UNIVERSITY Inventions”). All rights to Subject Inventions made solely by SBC Personnel will belong solely to SBC (“SBC Inventions”). All rights to Subject Inventions made jointly by UNIVERSITY and SBC will belong jointly to UNIVERSITY and SBC unless otherwise agreed in writing by 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 sixty (60) days 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) of the Patent rights clause. All written disclosures of 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.

1. 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 Board of Trustees of the University of Illinois.

(v) UNIVERSITY shall grant to SBC an option to negotiate a royalty-bearing commercial license in a designated field of use and territory, for either non-exclusive or exclusive rights in each UNIVERSITY Invention or for exclusive rights in each Joint Invention under a separate license agreement (“Commercial Rights Agreement”), subject to any rights of the Government therein. The following terms apply unless other provisions are negotiated and agreed in writing by the Parties:

1. SBC will notify 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 a Joint Invention (“Option Period”).
2. 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 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”).
3. The terms of said Commercial Rights Agreement will include: (i) 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 may request 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.

1. 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

1. Ownership of copyrighted works, including computer software, first made or generated in 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, at its discretion, 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 by Parties (“Joint Work”).
2. To the extent UNIVERSITY has the legal and contractual right to do so, UNIVERSITY shall grant 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 conclusion of that phase of the Project in which such UNIVERSITY-owned Copyrighted Work was developed (“Option Period”). Any time prior to the expiration or termination of the Option Period, 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, the Parties agree that the Government shall have an irrevocable, royalty-free, nonexclusive license for any Governmental purpose in any Project Intellectual Property.

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

All follow-on research or development work, which continues to actively involve both UNIVERSITY and SBC, 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 allow the Parties and the Government to 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 Party 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 or the Subaward, 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 its disclosure under this Agreement.

B. These confidentiality obligations shall not apply to use or disclosure of information that:

1. is or becomes known to the public without breach of this provision; or
2. is or becomes known to the receiving Party from a third party entitled to disclose it; or
3. 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
4. was already in receiving Party’s possession prior to receipt from the disclosing Party; or
5. is required by law, court or administrative order, including a valid public records request, to be disclosed.

C. SBC acknowledges and agrees that UNIVERSITY will implement its confidentiality obligations by using reasonable efforts in requiring those UNIVERSITY Personnel and students identified as needing access to SBC’s confidential information to acknowledge their understanding of the terms of this Agreement as a condition of such access, and in any case will use measures to protect SBC’s confidential information no less protective than UNIVERSITY uses for UNIVERSITY’s confidential information.

# 6. Publication.

A. Except as restricted by Article 5, either Party will, unless otherwise precluded by contract or law, have the right to 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. 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 that UNIVERSITY has tested or approved any product.

B. A Party wishing to publish any data and information generated in its performance of the 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 consider the comments provided by the reviewing Party before publication and will work with the reviewing Party in good faith to endeavor to resolve all outstanding publication issues, prior to proceeding with the publication or public disclosure, but in no event will its ability to publish or publicly disclose its own research results or non-confidential information be denied by the reviewing Party. Upon written notification submitted by the reviewing Party within thirty (30) days of its receipt of the proposed publication, the publishing Party agrees:

1. to delete any of the reviewing Party's proprietary or confidential information, or
2. to delay the 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.**

1. This Agreement may be terminated (i) by either Party upon at least thirty (30) days prior written notice to the other Party or (ii) by either Party 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 the Subaward.

B. In the event that SBC does not receive the funding award from the Agency for the Project, or in the event that the Parties are not able to execute the Subaward, 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. No Warranties and Indemnification.**

1. THE PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THEIR PERFORMANCE UNDER THIS AGREEMENT. UNIVERSITY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY, USE OR FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS WITH REGARD TO DATA, INFORMATION, INVENTIONS, PATENTS, COPYRIGHTABLE WORKS, DELIVERABLES, OR OTHER PROJECT RESULTS PROVIDED BY UNIVERSITY.
2. SBC will indemnify, defend, and hold harmless UNIVERSITY with regard to any claims arising in connection with commercialization of the results of the Project or any Project Intellectual Property 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 Illinois law.

**9. Notices.**

Any notice given under this Agreement will be in writing and will be effective upon receipt evidenced by: (a) personal delivery; (b) confirmed facsimile transmission; (c) confirmed receipt of email; (d) return receipt of postage prepaid registered or certified mail; or (e) delivery confirmation by commercial overnight carrier. All communications will be sent to the addresses set forth below or to such other address designated by a Party by written notice to the other Party in accordance with this section:

UNIVERSITY:

University of Illinois

Sponsored Programs Administration

Attn.: Director Pre-Award,

1901 South First Street, Suite A

Champaign, IL 61820-7406

Telephone: (217) 333-2187

Fax: (217) 239-6830

Email: [spa@illinois.edu](mailto:spa@illinois.edu)

SBC:

Telephone:

Fax:

Email:

**10. Final Dispositions**.

1. This Agreement will be governed by and construed in accordance with the laws of the State of Illinois, U.S.A., excluding its conflict of laws provisions.
2. No modification to this Agreement will be effective unless confirmed in a written amendment signed by each Party’s authorized representative.
3. The Parties may sign this Agreement in one or more counterparts, each of which constitutes an original and all of which together constitute the Agreement. Facsimile or scanned PDF signatures shall constitute original signatures for all purposes.
4. Each Party represents that the individuals signing this Agreement on its behalf are authorized, and intend, to bind the organization in contract.

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

**THE BOARD OF TRUSTEES OF THE**

**UNIVERSITY OF ILLINOIS**

By: By:

Print Name: Paul N. Ellinger Print Name:

Title: Comptroller Title:

Date: Date:

By:

Signature of Comptroller Delegate

(Name and Title)

Standard form approved by University Legal Counsel DS 09/2020