

ALLOCATION OF RIGHTS AGREEMENT

Small Business Technology Transfer ("STTR")/Small Business Innovation Research ("SBIR")
Program Allocation of Rights (AoR) in Intellectual Property and Rights to Carry-Out Follow-on
Research, Development, or Commercialization

This Agreement is between _____, a small business concern organized as a _____ under the laws of _____ and having a principal place of business at _____, ("SBC") and Rochester Institute of Technology, a research institution having a principal place of business at 141 Memorial Drive, Rochester, NY, 14623 ("RIT"). The purpose of this agreement is to allocate certain rights between the parties relating to an STTR/SBIR project to be carried out by SBC and RIT (hereinafter referred to as the "PARTIES") under a federal STTR/SBIR funding agreement that may be awarded by _____ ("AGENCY") to SBC to fund a proposal entitled "_____ " submitted, or to be submitted, to AGENCY by SBC on or about _____.

1. Applicability of this Agreement.

(a) This Agreement shall be applicable only to matters relating to the STTR/SBIR project referred to in the preamble above, and no other agreements.

(b) If a funding agreement for an STTR/SBIR project is awarded to an SBC based upon the STTR/SBIR proposal referred to in the preamble above, SBC will promptly provide a copy of such prime funding agreement to RIT, and SBC will make and issue a subaward to RIT in accordance with the funding agreement, the proposal, and this Agreement. If the terms of such funding subaward 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 RIT to accept the subaward. If a subaward is made by SBC and accepted by RIT, 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. This Agreement may also be incorporated into any resulting subaward between the SBC and RIT.

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

RIT

(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/SBIR 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 RIT solely in connection with research or development activities for this STTR/SBIR project (if "none" so state): .

(2) The following Background Intellectual Property of RIT may be used nonexclusively and, except as noted, without compensation by SBC solely in connection with research or development activities for this STTR/SBIR project (if "none" so state): .

(3) The following Background Intellectual Property of RIT may be used by SBC nonexclusively in connection with commercialization of the results of this STTR/SBIR project, to the extent that such use is reasonably necessary for practical, efficient, and competitive commercialization of such results but not for commercialization independent of the commercialization of such results, subject to any rights of the Government therein and upon the condition that SBC pay to RIT, in addition to any other royalty including any royalty specified in the following list, a royalty to be determined based on net sales or leases made by or under the authority of SBC of any product or service that embodies, or the manufacture or normal use of which entails the use of, all or any part of such Background Intellectual Property (if "none" so state): .

3. Project Intellectual Property.

(a) "Project Intellectual Property" means the legal rights relating to inventions (including Subject Inventions as defined in 37 CFR section 401 generally, and section 401.14), 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/SBIR Agreement.

(b) The rights of the PARTIES to subject inventions made by their employees in the performance of this STTR/SBIR Agreement shall be as set forth in the Patent rights clause of 37 CFR 401.14. AGENCY may obtain title to any subject invention not elected by a Party as set forth in the Patent rights clause, and AGENCY rules.

Unless otherwise agreed in writing, Project Intellectual Property shall be owned by the Party whose employees conceived the subject matter details or first actually reduced the subject matter to practice. Jointly made or generated Project Intellectual Property shall be jointly owned by the PARTIES unless otherwise agreed in writing. The SBC shall have the first option to perfect the rights in any jointly made or generated Project Intellectual Property unless otherwise agreed in writing.

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.

(1) (a) Any revenues and profits resulting from the practice, licensing, or exploitation of Project Intellectual Property utilizing the Background Intellectual Property of RIT (see section 2(b)(3) above), and shall be subject to royalty payment provisions under a separate license agreement.

(b) Any revenues and profits resulting from the practice, licensing, or exploitation of Project Intellectual Property not utilizing the Background Intellectual Property of RIT above shall also be subject to the royalty payment provisions under a separate license agreement executed between the PARTIES.

(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: the SBC will be responsible for 100 percent.

(c) 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 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 AGENCY shall be within the time provided in paragraph (c)(l) of the Patent rights clause of 37 CFR 401.14.

(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/SBIR project, including inclusion in STTR/SBIR project reports to AGENCY and proposals to AGENCY for continued funding of this STTR/SBIR project through additional phases.

(e) SBC will have an option to commercialize the Project Intellectual Property of RIT, subject to any rights of the Government therein. The following terms apply unless other provisions are negotiated:

(1) Where Project Intellectual Property of RIT is a potentially patentable invention, SBC will have an exclusive option for a sole 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 RIT prior to the expiration of the initial option period. During the period of such option following notice by SBC of election to extend, RIT 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 RIT 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 RIT for the expenses incurred by RIT prior to expiration or termination of the option period in pursuing and maintaining (i) any United States patent protection initiated by RIT and (ii) any patent protection requested by SBC. SBC may terminate such option at will by giving written notice to RIT, in which case further

accrual of reimbursable patenting expenses hereunder, other than prior commitments not practically revocable, will cease upon RIT'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 RIT, whereupon the PARTIES will promptly and in good faith enter into negotiations for a license under RIT'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. The terms of such license will include: (i) payment of reasonable royalties to RIT on sales of products or services which embody, or the development, manufacture or use of which involves employment of, the invention; (ii) reimbursement by SBC of expenses incurred by RIT in seeking and maintaining patent protection for the invention in countries covered by the license (which reimbursement, as well as any such patent expenses incurred directly by SBC with RIT's authorization, insofar as deriving from RIT's interest in such invention, may be offset against accrued royalties in excess of any minimum royalties due RIT); and, in the case of an exclusive license, (iii) reasonable commercialization milestones and/or minimum royalties.

(2) Where Project Intellectual Property of RIT is other than a potentially patentable invention, SBC will have an exclusive option for a license, for an option period extending until three (3) months following completion of RIT's performance of that phase of this STTR/SBIR project in which such Project Intellectual Property of RIT was developed by RIT. SBC may exercise such option by giving written notice to RIT, whereupon the PARTIES will promptly and in good faith enter into negotiations for an appropriate license under RIT'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 RIT. The terms of such license will include: (i) payment of reasonable royalties to RIT on sale of products or services that embody, or the development, manufacture or use of which involves employment of, the Project Intellectual Property of RIT and, in the case of an exclusive license, (ii) reasonable commercialization milestones and/or minimum royalties.

(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, 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.

4. Follow-on Research or Development.

All follow-on research or development work, which continues to actively involve RIT and SBC, including and 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 this STTR/SBIR 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, 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 disclosing Party at the time of disclosure. Verbal 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 RIT will implement its confidentiality obligations by using reasonable efforts in requiring those RIT personnel and students identified by the RIT Principal Investigator as needing access to SBC’s confidential information to understand the terms of this Agreement as a condition of such access, and in any case will use measures to protect SBC’s confidential information that are no less protective than RIT uses for RIT’s own confidential information.

6. Publication.

(a) Except as restricted by Section 5, either Party will, unless otherwise precluded by contract or law, will 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 RIT 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 RIT 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 verbal publication (including manuscripts, abstracts, and presentations) at least thirty (30) days prior to submission for publication to allow the other Party to review such proposed publication, identify any 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 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 or presentation materials to avoid enabling disclosure of the potentially patentable subject matter and proceeding with publication or presentation without further delay.

7. Equipment.

(a) RIT will retain title to all equipment or supplies (including fabricated equipment) purchased with funds under this STTR/SBIR project, or any other RIT funds, subject to any applicable federal sponsor requirements.

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 part from such Party in connection with this STTR/SBIR project.

(b) SBC will indemnify and hold harmless RIT with regard to any claims arising in connection with commercialization of the results of this STTR/SBIR 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 STTR/SBIR project.

9. Termination.

(a) This Agreement may be terminated by either Party upon 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.

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AGREED TO AND ACCEPTED--

ROCHESTER INSTITUTE OF TECHNOLOGY

By: _____
(Signature)

By: _____
(Signature)

Name:

Name: Ryne Raffaele

Title:

Title: Vice President for Research

Date: _____

Date: _____