SBIR FUNDING AGREEMENT

PLEASE CONTACT

Susan Puryear
Director, Office of Research Administration
University of Massachusetts Lowell

Susan_Puryear@uml.edu
This Agreement between [award recipient], a small business concern organized as a corporation under the laws of the State of ________ and having a principal place of business at ________ (hereinafter referred to as "COMPANY") and the University of Massachusetts, as represented by its Lowell campus, with offices at 600 Suffolk Street, 2nd Floor South, Lowell, MA 01854, an educational nonprofit research institution of the Commonwealth of Massachusetts (hereinafter referred to as “UNIVERSITY”), is entered into for the purpose of establishing an agreement between the parties relating to an SBIR project to be carried out by COMPANY and UNIVERSITY (hereinafter referred to as the "PARTIES") in support of an SBIR funding agreement awarded by ________(Federal Agency) to COMPANY to fund a proposal entitled "_________________” submitted to the Federal Agency by COMPANY on or about __________.

Article 1 - Applicability of this Agreement

A. UNIVERSITY agrees to use all reasonable efforts to perform that portion of the research project entitled “_________________” allocated to UNIVERSITY in the proposal submitted on ________ and attached hereto as Attachment A (“SBIR Project”).

B. The Federal prime award flow down contract clauses set forth in Attachment B hereto are hereby made a part of this Agreement.

C. The provisions of this Agreement shall apply to any and all consultants, subcontractors, independent contractors, or other individuals employed by COMPANY or UNIVERSITY for the purposes of this SBIR Project.

Article 2 - Staffing

A. To carry out the research program, UNIVERSITY will supply and use its own personnel, who will be considered employees of UNIVERSITY. All salary and wage payments to such personnel will be at rates consistent with their UNIVERSITY salaries as determined by UNIVERSITY.

B. The UNIVERSITY principal investigator will be ________ of the Department of ______________. If for any reason the UNIVERSITY investigator is unable to continue to serve in this capacity and a successor acceptable to both Parties is not available, this Agreement may be terminated by COMPANY as provided hereinbelow.

C. The COMPANY principal investigator will be ____________________.

Article 3 - Term and Termination

A. This agreement will become effective, ________ through ________ unless terminated earlier as hereinafter provided. During or at the end of that time, it may be extended as
mutually agreed upon.

B. Performance under this Agreement may be terminated by COMPANY upon sixty (60) days written notice. Performance may be terminated by UNIVERSITY if circumstances beyond its control preclude continuation of the research.

C. Upon termination, UNIVERSITY will be reimbursed for all costs and noncancellable commitments incurred in the conduct of the research program. The confidentiality, use, and/or non-disclosure obligations of this Agreement shall survive any termination of this Agreement.

Article 4 - Payments

Payments shall be made to UNIVERSITY by COMPANY in the amount of $__________ on the basis of monthly invoices by UNIVERSITY of actual costs. Invoices shall be sent to: ________________________.

Article 5 - Background Intellectual Property

It is possible that one or both Parties may possess rights in background 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 this Agreement. For example, the UNIVERSITY might own a patent, which would be infringed by COMPANY when it attempted to commercialize the results of this Agreement unless a license was obtained from the UNIVERSITY. Where the Parties determine that background technology may exist, consideration should be given to negotiating license rights which will allow the practice and commercialization of the results of this Agreement.

Article 6 - 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 to subject inventions made by their employees in the performance of this Agreement shall be as set forth in the patent rights clause of 37 CFR 401.14. The Federal Agency may obtain title to any subject invention 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. UNIVERSITY shall have the first option to perfect the rights in 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.

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, United States Code. 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 the Federal Agency shall be within the time provided in paragraph (c)(1) 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 SBIR Project, including inclusion in SBIR Project reports to the Federal Agency and proposals to the Federal Agency for continued funding of this SBIR Project through additional phases.

E. COMPANY will have an option to commercialize the Project Intellectual Property of UNIVERSITY, subject to any rights of the Government therein. The following terms apply unless other provisions are negotiated:

(1) Where Project Intellectual Property of UNIVERSITY is a potentially patentable invention, COMPANY will have an option for either an exclusive or non-exclusive license (at COMPANY’s choosing) to such invention, for an initial option period of two (2) months after such invention has been reported to COMPANY. 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 UNIVERSITY prior to the expiration of the initial option period. During the period of such option following notice by COMPANY of election to extend, UNIVERSITY 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 UNIVERSITY or of any patent protection requested by COMPANY.

(2) For any invention for which COMPANY gives notice of its election to extend the option, COMPANY will, within thirty (30) days after invoice, reimburse UNIVERSITY for the expenses incurred by UNIVERSITY prior to expiration or termination of the option period in pursuing and maintaining (i) any United States patent protection initiated by UNIVERSITY and (ii) any patent protection requested by COMPANY. COMPANY may terminate such option at will by giving written notice to UNIVERSITY in which case further accrual of
reimbursable patenting expenses hereunder, other than prior commitments not practically revocable, will cease upon UNIVERSITY’s receipt of such notice.

(3) At any time prior to the expiration or termination of an option, COMPANY may exercise such option by giving written notice to UNIVERSITY whereupon the Parties will promptly and in good faith enter into negotiations for an exclusive or non-exclusive license (at COMPANY’s choosing) under UNIVERSITY's patent rights in the invention 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 terms of such license will include:

(i) payment of reasonable royalties to UNIVERSITY 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 in seeking and maintaining patent protection for the invention in countries covered by the license (reimbursement will be negotiated between the Parties in good faith within two years of termination of this agreement); and, in the case of an exclusive license;

(iii) reasonable commercialization milestones and/or minimum royalties.

(4) Where Project Intellectual Property of UNIVERSITY is other than a potentially patentable invention, COMPANY will have an option for an exclusive license to such inventor for an option period extending until four (4) months following completion of UNIVERSITY’s performance of that phase of this SBIR Project in which such Project Intellectual Property of UNIVERSITY was developed by UNIVERSITY. COMPANY may exercise such option by giving written notice to UNIVERSITY, whereupon the Parties will promptly and in good faith enter into negotiations for an appropriate license under UNIVERSITY’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 UNIVERSITY. The terms of such license will include: (i) payment of reasonable royalties to UNIVERSITY on sale of products or services that embody, or the development, manufacture or use of which involves employment of, the Project Intellectual Property of UNIVERSITY and, in the case of an exclusive license; (ii) reasonable commercialization milestones and/or minimum royalties.

(5) 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.

Article 7 - 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 ensure that the Parties and the Government obtain and retain such rights granted herein in all future resulting research, development, or commercialization work.

Article 8 - Confidentiality/Publication

A. The free dissemination of information is an essential and long-standing policy of UNIVERSITY. However, under exceptional circumstances, UNIVERSITY recognizes that it may properly hold in confidence proprietary information supplied by a sponsor. Accordingly, UNIVERSITY's acceptance and use of any proprietary information which may be supplied by COMPANY in the course of this research project shall be subject to the following: the information must be marked or designated in writing as proprietary to COMPANY. UNIVERSITY retains the right to refuse to accept any such proprietary information which it does not consider to be essential to the completion of the project or which it believes to be improperly designated, or for any other reason. Where UNIVERSITY does accept such information as proprietary, it agrees to exercise all reasonable efforts not to publish or otherwise reveal the information to others outside UNIVERSITY without the permission of COMPANY, unless the information has already been published or disclosed publicly by third parties or is required to be disclosed by order of a court of law. It is agreed that such reasonable efforts by UNIVERSITY will be in lieu of all other obligations or liabilities of UNIVERSITY relative to proprietary information. Access to proprietary information shall not be a condition precedent to meaningful participation by students at UNIVERSITY.

B. Subject to the terms of paragraph (A) above, either Party may publish its results from this SBIR Project. However, the publishing Party shall provide the other Party a thirty-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.

Article 9 - 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 SBIR Project.

B. COMPANY will indemnify and hold harmless UNIVERSITY with regard to any claims arising in connection with commercialization of the results of this SBIR Project by or under the authority of COMPANY. COMPANY and UNIVERSITY agree to maintain in effect for the duration of this Agreement comprehensive general liability insurance and/or self-insurance, with a combined single limit of at least $3,000,000 per occurrence.
Article 10 - Advertising

The name of either Party to this Agreement will not be used by the other in any advertising publicity or news media related to the research program without the prior written consent of the other Party. However, UNIVERSITY may identify COMPANY as a sponsor of the UNIVERSITY.

Article 11 - Notices

All notices, requests, or demands to be given by either Party to the other under the provisions of this Agreement will be forwarded by certified mail properly addressed to the respective Parties as follows:

UNIVERSITY:

Susan C. Puryear
Director, Office of Research Administration
University of Massachusetts Lowell
600 Suffolk Street, 2nd Floor – Suite 212
Lowell, MA 01854

COMPANY:

Article 12 – Government Law

This SBIR Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts

Article 13 - Interpretation

The Parties acknowledge that each Party has reviewed, and has been given the opportunity to have counsel review, this agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this agreement or any amendments or exhibits thereto.

Article 14 - Entire Agreement

This Agreement and Attachments as identified herein are incorporated by reference and represent the entire Agreement between the Parties. No modification of this Agreement will be effective unless written and signed by authorized representatives of both Parties.
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day, month, and year of the last signature below and is effective in accordance with Article 3A above.

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<tr>
<td>Name  Susan C. Puryear</td>
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<td>Title  Director, Office of Research Admin.</td>
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