

**DOE STTR MODEL AGREEMENT FOR  
PROPERTY AND COMMERCIALIZATION RIGHTS**

STTR legislation requires each Federal agency participating in the STTR program to develop a model agreement for allocating between small business concerns and research institutions intellectual property rights and rights, if any, to carry out follow-on research, development, or commercialization. The following is the DOE model agreement.

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**MODEL AGREEMENT ALLOCATION OF RIGHTS IN INTELLECTUAL  
PROPERTY AND RIGHTS TO CARRY OUT FOLLOW-ON RESEARCH,  
DEVELOPMENT, OR COMMERCIALIZATION**

This Agreement between \_\_\_\_\_, a small business concern (hereinafter referred to as "SBC") organized as a \_\_\_\_\_ under the laws of \_\_\_\_\_ and having a principal place of business at \_\_\_\_\_, and \_\_\_\_\_, a research institution (hereinafter referred to as "RI") having a principal place of business at \_\_\_\_\_, is entered into for the purpose of allocating between the parties certain rights relating to a project to be carried out by SBC and RI (hereinafter referred to as the "PARTIES") under a funding agreement that may be awarded by the U.S. Department of Energy (DOE) to SBC to fund a grant application entitled " \_\_\_\_\_ " submitted, or to be submitted, to the DOE by SBC on or about (date) \_\_\_\_\_, 20\_\_\_\_.

**1. Applicability of this Agreement**

(a) This Agreement shall be applicable only to matters relating to the project referred to in the preamble above.

(b) If a funding agreement for a project is awarded to SBC based upon the grant application referred to in the preamble above, SBC will promptly provide a copy of such funding agreement to RI, and SBC will make a subaward to RI in accordance with the funding agreement, the grant application, 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 RI to accept the subaward, as the case may be. If a subaward is made by SBC and accepted by RI, this Agreement shall not be applicable to contradict the terms of such subaward or of the funding agreement awarded by the DOE to SBC except on the grounds of fraud, misrepresentation, or mistake, but shall be considered to resolve ambiguities in the terms of the subaward.

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

**2. Background Intellectual Property**

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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 RI might own a patent which would be infringed by the SBC when it attempted to commercialize the results of this Agreement unless a license was obtained from the RI. 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.

**3. 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 DOE 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. The SBC 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.

(1) Any revenues and profits resulting from the practice, licensing, or exploitation of Project Intellectual Property shall be allocated between the SBC and the RI as follows:

	<b><u>SBC Percent</u></b>	<b><u>RI Percent</u></b>
<b>Revenues</b>		
<b>Profits</b>		

(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 \_\_\_\_\_ percent and the RI will be responsible for \_\_\_\_\_ 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, United States Code. The Parties acknowledge that they will disclose Subject Inventions to each

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other within \_\_\_\_\_ 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 DOE 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 project, including inclusion in project reports to the DOE and grant applications to the DOE for continued funding of this project through additional phases.

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

(1) Where Project Intellectual Property of RI is a potentially patentable invention, SBC will have an exclusive option for a sole license to such invention, for an initial option period of \_\_\_\_\_ 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 \_\_\_\_\_ months by giving written notice of such election to RI prior to the expiration of the initial option period. During the period of such option following notice by SBC of election to extend, RI 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 RI 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 \_\_\_\_\_ days after invoice, reimburse RI for the expenses incurred by RI prior to expiration or termination of the option period in pursuing and maintaining (i) any United States patent protection initiated by RI and (ii) any patent protection requested by SBC. SBC may terminate such option at will by giving written notice to RI, in which case further accrual of reimbursable patenting expenses hereunder, other than prior commitments not practically revocable, will cease upon RI'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 RI, whereupon the Parties will promptly and in good faith enter into negotiations for a license under RI'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 RI 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 RI 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 RI's authorization, insofar as deriving from RI's interest in such invention, may be offset in full against up to \_\_\_\_\_ of accrued royalties in excess of any minimum royalties due RI); and, in the case of an exclusive license, (iii) reasonable commercialization milestones and/or minimum royalties.

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(2) Where Project Intellectual Property of RI is other than a potentially patentable invention, SBC will have an exclusive option for a license, for an option period extending until \_\_\_\_\_ months following completion of RI's performance of that phase of this project in which such Project Intellectual Property of RI was developed by RI. SBC may exercise such option by giving written notice to RI, whereupon the parties will promptly and in good faith enter into negotiations for an appropriate license under RI'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 RI. The terms of such license will include: (i) payment of reasonable royalties to RI on sale of products or services that embody, or the development, manufacture or use of which involves employment of, the Project Intellectual Property of RI 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 work, including any licenses, contracts, subcontracts, sub-licenses 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.

### **5. 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 this 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.

(b) Subject to the terms of paragraph (a) above, either party may publish its results from this 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

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consideration to all comments before publication. Furthermore, upon request of the reviewing party, publication will be deferred for up to \_\_\_\_\_ 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.

**6. 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) SBC will indemnify and hold harmless RI with regard to any claims arising in connection with commercialization of the results of this 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 project.

**7. Termination**

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

**AGREED TO AND ACCEPTED**

Small Business Concern:

By: \_\_\_\_\_ Date: \_\_\_\_\_

Print name: \_\_\_\_\_ Title: \_\_\_\_\_

Research Institution:

By: \_\_\_\_\_ Date: \_\_\_\_\_

Print name: \_\_\_\_\_ Title: \_\_\_\_\_