

# Pennsylvania NanoMaterials Commercialization Center

## Intellectual Property Policy

January 1, 2007

### Introduction

The Pennsylvania NanoMaterials Commercialization Center, hereafter referred to as the "Center," provides funding to promising nanomaterials research which has commercial potential in either the defense industry or in industrial markets. As a 501(c)(3) non-profit organization, the Center's primary mission is to facilitate the process of research, innovation and early stage product development.

The Center invites proposals from teams of researchers and product development specialists, both in private industry and in the academic setting, which combine innovative ideas and technical solutions with commercial applications. After a careful peer review evaluation, if determined to be worthy of funding, the Center will provide funding from public sources to support nanomaterials commercialization projects.

Each funded project will be carried out by a project partnership team, typically comprising a university-based researcher and a commercial entity, however the precise makeup of such teams may vary widely. Indeed, project partnership teams may be comprised of various individuals and organizations. They may be two party or three party research and commercialization relationships. They may be between university researchers and companies or just between two or more companies. Regardless of the makeup of the project partnership team, in all cases, before the project will be funded by the Center, the intellectual property rights between all parties must be negotiated and agreed upon.

Overall, this policy strives to encourage innovation and entrepreneurship by balancing the needs of all parties to maximize positive outcomes from the funded projects. These outcomes can be: continuing joint development agreements between members of the original partnership team; licensing arrangements of the technology developed during the project; and/or the creation of new company start-ups to commercialize such technology.

This policy must be viewed together with the Center's process for seeking submissions of proposals for funding of commercialization projects. That process, which is described in detail on the Center's website ([www.pananocenter.org](http://www.pananocenter.org)) as "*Pennsylvania NanoMaterials Commercialization Center Request for White Papers*," occurs in two steps. First, the parties seeking Center funding (the "Proposer") are to submit a document (the "White Paper") which contains the following elements: 1) Technical Problem Statement (a brief statement in 200 words or less setting forth the Proposer's understanding of the technical problem for the technology area the Proposer has chosen, indicating which technology the Proposer is addressing; 2) Proposed Technical Solution: (a brief statement in 200 words or less describing Proposer's technical proposed solution; 3) Qualifications: (a brief summary of the Proposer's relevant technical experience.); 4) Commercialization Strategy: (a brief summary of Proposer's ideas for commercial application or products deriving from the technologies which Proposer is proposing, including a listing of any companies that Proposer believes may be interested in partnering on a commercialization project involving Proposer's proposed technology solution, or companies that you have already contacted; 5) Timeframe: (an estimate of Proposer's expected timeframe for providing the technology solution that Proposer has described); and 6) Budget: (a rough estimate of the approximate cost of providing the technology solution). If the Proposer feels that he/she already has a well planned commercialization strategy, which includes a commercial entity, then the Proposer may elect to skip the White Paper step and move directly to the Formal Proposal step, described below.

After the White Paper has been submitted by the Proposer, it is to be reviewed by the Center's Technical Advisory Committee. The Proposer will then receive a brief response from the Center which may provide suggestions for improving the final proposal, ideas for commercial partners or other feedback. The second step is for the Proposer, if it so chooses, to submit a formal proposal to the Center (the "Formal Proposal"). The Formal Proposal will be reviewed and considered for funding under pre-defined guidelines by the Center's Technical Advisory Committee.

With this goal in mind, this policy requires the following conditions be met for all its funded projects:

1. The Proposer team must negotiate an intellectual property rights agreement between or among all members of the team. At the very least, this agreement must address the issue of ownership of the intellectual property as between/among the Proposer team members, as well as the scope and terms of the licensing rights for all other

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Proposer team members. In cases where a project also is funded by the United States government, the proposal must set forth the scope of rights obtained by the United States government as a condition to its grant to the project partnership ship. The issue of ownership of intellectual property must address: a) intellectual property existing prior to the funding by the Center the use of which will be necessary in order to fully commercialize the proposed technology ("Existing IP"), as well as any components of such Existing IP which are owned by third parties and merely licensed to one or more members of the Proposer Team, together with the license restrictions contained therein; and b) intellectual property anticipated to be created utilizing the funding ("Funded IP"). The Existing IP and the Funded IP are hereinafter collectively referred to as the "IP."

2. The Proposer team will define the expected field(s) of use and potential commercialization opportunities of the IP which is expected to be derived by the Proposer team members from the project (the "Retained Field of Use"). The Retained Field of Use must describe the market and product application(s) with respect to which the project partnership team members would retain the rights to utilize that IP. Questions on the breadth of the Retained Field of Use should be directed to the Center. The Proposer team should refer to Appendix A of the Center's proposal form which describes the process for negotiating the Retained Field of Use between the Proposer team and the Center. The Proposer team shall advise the Center as to the ownership of the Existing IP, as well as the existence of any exclusive licenses theretofore granted with respect to the use of the Existing IP in any field of use outside of the Retained Field of Use.
3. A description of the Retained Field of Use for the IP must be agreed to between the Proposer team and the Center prior to contract signing and funding approval. As a condition of granting such funding, the Center may request that the Retained Field of Use be narrowed or otherwise modified. The Retained Field of Use document, as modified (if applicable), would then be included in the final IP rights agreement among the members of the Proposer team.
4. The other members of the Proposer team would be free to negotiate with the IP owner the licensing rights for IP, but only within the Retained Field of Use.
5. As between the Center and the Proposer team, all ownership rights to both the Existing IP and the Funded IP (both within the Retained Field of Use and outside of the Retained Field of Use) shall remain with the Proposer team. However, as a condition to the granting of funding to the project, the Center would receive: a five (5) year sole and exclusive, royalty free license to use, commercialize, and sublicense others (including members of the Proposer team) to use and/or commercialize the Funded IP in all fields of use other than the Retained Field of Use. In cases where Existing IP is required to commercialize Funded IP outside the Retained Field of Use and is owned by or is licensed exclusively to a member of the Proposer team, the Proposer team will negotiate in good faith the terms of a license with the Center or any proposed sublicensee of the Center with respect to such party's use of the Existing IP. In cases where such Existing IP which is required to commercialize Funded IP outside of the Retained Field of Use is owned by or is licensed exclusively to a party other than a member of the Proposer team, the Proposer team will assist the Center in obtaining such licensing rights to such Existing IP as required. The Center may sublicense rights to the IP outside the Retained Field of Use with other parties which may have an interest in further commercialization of that IP outside of the Retained Field of Use. The Center would have the right to sublicense for terms negotiated in each case, which could involve a royalty rate or fee, and which would be negotiated solely between the Center and such sublicensee. Center shall be entitled to retain all proceeds Center earns from such use, commercialization and sublicenses.
6. Notwithstanding the license rights granted to Center pursuant to paragraph 5, above, at any time during the five (5) year term of the Center's license to the Funded IP outside of the Retained Field of Use, Proposer team may terminate such license rights in return for a payment to the Center of an amount equal to two (2) times the total funding provided by the Center to the Proposer team for the project. Notwithstanding such termination of the license granted to the Center, all sublicenses granted by the Center prior to the date of termination shall remain in full force and effect for the stated terms of such sublicenses, but the Proposer team shall be entitled to receive whatever royalties would otherwise have been payable to the Center pursuant to such then-existing sublicenses.

7. As between the Center and the Proposer team, the Proposer team shall have the sole and exclusive right to seek patent protection for the Funded IP within the Retained Field of Use and the first right to seek patent protection for the Funded IP outside of the Retained Field of Use. If the Proposer team fails to file a patent application (either full or provisional) within six (6) months following first public disclosure of an invention embodying the Funded IP outside of the Retained Field of Use, the Center in such case would have the option to pursue, at its own expense but on behalf of the Proposer team, protection for the Funded IP outside of the Retained Field of Use and, in such case, the license rights granted to the Center pursuant to paragraph 5, above, would be extended to ten (10) years. Proposer team will cooperate with and provide such assistance as is necessary (including execution of appropriate applications and other filings) in order to enable the Center to pursue such patent protection.
8. A copy of the final IP rights agreement must be included with the Final Proposal from the Proposer team.
9. If, following the acceptance of a Final Proposal and the funding of a project by the Center but prior to completion of such funded project, the Proposer team wishes to change the definition of Retained Field of Use, the Proposer team may request the Center to agree to a redefinition of the Retained Field of Use. In such event, the Center will negotiate in good faith in considering such request. In no event will such redefinition be considered following the completion of a funded project.

If there are any questions on the center's IP Policy which are not covered here, please contact Alan Brown, Executive Director, Pennsylvania NanoMaterials Commercialization Center. Ph: 412-918-4205. E-mail: [abrown@pananocenter.org](mailto:abrown@pananocenter.org).