



# Pennsylvania Nanomaterials Commercialization Center

## University IP Policy

June 15, 2007

The following IP Policy will serve as a guideline in establishing the Intellectual Property Rights Agreements for projects funded by the Pennsylvania Nanomaterials Commercialization Center which have participation from partnering Universities.

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 universities. These proposals combine innovative ideas and technical solutions with commercial applications. After a careful peer review evaluation, if determined to be worthy of support, 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 small business or large business. 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. In what follows, these project partnership teams are referred to as "Proposer Teams"

The following summarizes the general principles which the Center will apply regarding IP for projects it funds:

1. The Proposer Team must negotiate an Intellectual Property Rights Agreement (IPRA) between or among members of the team. At the very least, the IPRA must address the issue of ownership of the intellectual property, the manner in which such intellectual property will be protected, the granting of rights thereto to the intellectual property as between/among the Proposer Team members, as well as the scope and terms of the licensing rights for all other Proposer Team members as directed to the intellectual property as defined herein. In those cases where a project also is funded by the US government or Commonwealth of Pennsylvania, the proposal must set forth the scope of rights retained by such entity as a condition to its grant to the project partnership. The issue of ownership of intellectual property must address both intellectual property existing prior to the funding by the Center, the use of said rights which may be contributed by Proposer Team members for carrying out the proposed work effort and the extent of and availability for use and licensing thereof of any said rights in any subsequent commercialization efforts of the proposed technology ("Existing IP"), as well as intellectual property anticipated to be created utilizing the funding ("Funded IP"). Although it would be desirable to have an executed copy of the IPRA submitted prior to funding by the Center, the Center recognizes that in some cases that this may not be a realistic expectation. In cases where the IPRA agreement has not been finalized and funding has been approved by Center, the Center will proceed to complete development of the final statement of work with the Proposer Team. Since success of the commercialization project is dependent on the final IPRA being established, the statement of work will include a critical milestone approximately three months after the start date of the project which requires a completed IPRA to be submitted to the Center. Unless agreed to

otherwise in writing failure to complete the IPRA requirement will result in the issuance of a stop work notice or termination of project funding if not corrected in an agreed upon extension period.

2. The Proposer Team, in accordance with the terms of the IPRA, shall be solely responsible for determining whether it will seek patent or other statutory protection promptly after Funded IP is disclosed within the Proposer Team, and it shall promptly notify the Center of its decision. Upon the Center's request, and provided that Center agrees to maintain the confidentiality of such documentation, the Proposer Team shall provide the Center with all documentation relating to the filing or assertion rights. Proposer Team and Center will enter into a non-disclosure agreement to facilitate sharing of this information.
3. During and after project completion by the Proposer Team, the Center will work closely with the Proposer Team to investigate possible licensees for the Funded IP developed during the project. If the center introduces a third party to the Proposer Team which results in a licensing agreement between that third party and the Proposer Team for the Funded IP, the Proposer Team and the Center will negotiate appropriate compensation terms as part of its overall royalty sharing arrangement described herein for this service. Both parties will consider various options for this compensation, including a share of the royalties paid by the third party to the Proposer Team and/or later payment from liquidation of equity in the case of a new start up company.
4. The Center reserves the right, for a period of one hundred and twenty (120) days following disclosure of Funded IP to the Center to negotiate a license to Funded IP developed by the Proposer team for the purpose of sub-licensing such rights to support future commercialization projects supported by the Center. The Proposer Team and the Center will negotiate in good faith fair and reasonable terms customary for this type of arrangement. At a minimum the Center will receive a non-exclusive, royalty-free, perpetual license to use the Funded IP for non-commercial research purposes. The term "non-commercial research purposes" means that the Center can sub-license the Funded IP to third parties for projects the Center funds in the future, but not for manufacturing purposes.
5. If the Proposer Team notifies the Center that no member of the Proposer Team will seek patent or other statutory protection for the Funded IP or that no alternative commercialization agreement for the Funded IP has been executed, the Center would have an exclusive option for ninety (90) days to pursue, at its own expense protection for the Funded IP. In this case, the Center would become the licensee of such rights as defined in the IPRA. In such case, Center would grant to the Proposer Team a non-exclusive, royalty-free, sub-licensable, perpetual license to use the Funded IP for non-commercial research purposes only.

For the Funded IP developed under the Center project, the Proposer Team agrees to share with the Center a percentage of all royalties obtained from licensing such Funded IP. The percentage of royalties, the basis for calculating the Center's share of such royalties, and the payment and timing of payment schedule to the Center will be negotiated in good faith at the time when a licensing agreement is signed between the Proposer Team and a licensee and upon commercialization of licensed product (s). The Center's annual share of royalties will be no less than 10% of royalties received by the Proposer Team members annually. The total cumulative royalties shared with the Center shall be set at three (3) times the level of Center funding available for the project.