



NCURA

A Primer on Intellectual Property for the Research Administrator
2003 Video Workshop Series
Broadcast live on September 16, 2003 from Washington, DC
11:30 AM to 3:30 PM Eastern.

THE N&M CASE

A typical day in the life of a research administrator

Professor Innovator walks into your office one afternoon with a research agreement from a sponsor – Ninny, Moe Inc. (referred to as “N&M) He is VERY excited about establishing a new relationship with this sponsor, as they are locally based and are a rapidly growing company. Some of Professor Innovator’s most promising graduate students consulted for N&M and now after their graduation have acquired various management positions within the company. Indeed, Professor Innovator has consulted with N&M for years.

Professor Innovator is one of your most research-oriented faculty members, having 3 NIH grants, 2 DoD contracts, several private foundation awards and one other corporate contract. (He is also, of course, fully aware of his effort commitment to all of his sponsors and can fulfill these along with his other University responsibilities.) Professor Innovator routinely exchanges research materials, including software, with his colleagues at other universities and private companies. He is also well known to the University’s Technology Transfer Office as he has filed and holds numerous patents. Indeed, Professor Superior has just filed a patent application for a novel platform technology, and the Tech Transfer Office is contemplating whether this technology would be a candidate on which to base a start-up company.

You are fairly new in your position, but as you begin to read the research agreement, you suspect that all is not right. You are not quite sure whether the definition of intellectual property in the agreement is accurate ... but somehow assigning all intellectual property to N&M does not seem to be correct. What do you do? What questions do you have or should you have? Where do you start???

**NCURA September 16, 2003 Video Workshop Session
A Primer on Intellectual Property for the Research Administrator
HYPOTHETICAL RESEARCH AGREEMENT**

This Research Agreement is effective as of November 6, 2002 between NINNY, N&M, INC. ("hereinafter referred to as "N&M") a Delaware corporation with a place of business at Never Never Land and SUPERIOR UNIVERSITY (hereinafter referred to as "UNIVERSITY"), an educational institution existing under the laws of The Universe with a place of business at Academic World.

Witnesseth

WHEREAS, N&M desires the research and development assistance of UNIVERSITY, which has knowledge about certain technology;

WHEREAS, N&M is in the business of discovery, developing and marketing new technology.

WHEREAS, UNIVERSITY desires to participate in a research program with N&M in the area of glial growth factors.

WHEREAS, N&M is interested in collaborating with UNIVERISTY in the field of glial growth factors and is also interested in obtaining all intellectual property rights with regard to the results of the Research Project.

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter recited, the parties agree as follows:

Article I - Definitions

1.0 When used in this Agreement each of the following terms shall have the meanings as set forth in this Article 1.

1.1 "Project" means all research at UNIVERSITY directed to the testing of the glial growth factor on cell lines, as described further in Appendix A.

- 1.2 “Project Leader” means SUPERIOR FACULTY or any substitute FACULTY employed by UNIVERSITY who shall (a) be responsible for supervision of the Project and (b) have been approved in writing by N&M.
- 1.3 “Project Compounds” means any compound relating to glial growth factors, including but not limited to, antibodies, protein and DNA sequences and/or structures.
- 1.4 “Patents” means any and all patent applications throughout the world covering Results along with any and all know how needed to practice such Patents which are filed by or on behalf of N&M or filed by UNIVERSITY, as well as all continuations, continuations-in-part, divisional and renewals thereof, all patents granted thereon, and all reissues and extensions thereof.
- 1.5 “Results” means all research results, including, but not limited to, any and all know how, ideas, copyrighted material or information regarding Research Project, which are developed, produced, become known, or discovered by the Project Leader.

Article II - Funding of Research Project

- 2.0 Amount and Duration of Funding. Subject to the fulfillment of all terms and conditions of this Agreement, N&M shall provide Project funds for the Project described in Appendix A, in an amount not to exceed one million dollars (\$1,000,000). Such Project Funds shall be spent by UNIVERSITY substantially in accordance with the budget for Research Project as set forth in Appendix A.
- 2.1 Scheduling of Payments. Project Funds shall be paid to UNIVERSITY by N&M in three (3) equal installments, the first installment being made at the execution of this Agreement. The next two installments shall be made by N&M to UNIVERSITY once it is determined by N&M that the appropriate research results have been achieved by UNIVERSITY.
- 2.2 Accounting. UNIVERSITY shall, upon request by N&M, provide N&M with a written report, within ninety (90) days following the close of each calendar year during the Project, stating the dollar amount of Project Funds expended on the development activities and the Results, including any ideas, discoveries, copyrightable information, and know-how created during each calendar year.
- 2.3 Third Party Funding. To protect N&M’s proprietary interest in the Results, during the Project Term, UNIVERSITY shall not seek or use additional funding from any third party

for use in the conduct of research involving glial growth factors without first obtaining the express written approval of N&M.

Article III - Planning and Execution of Project

3.0 Conduct of Research. UNIVERSITY shall conduct the Project at UNIVERSITY under the direction of Project Leader. The Project shall be carried out in strict confidence and in strict compliance with all applicable federal, state or local laws regulations or guidelines.

3.1 Planning and Review. Upon execution of this Agreement and from time to time during the Project Term, the Project Leader and representatives of N&M shall meet at times designated by N&M to discuss work to be done during the Project, modification of the research, and the progress of the Project.

Article IV - Results of Project

4.0 Reports. It is acknowledged and agreed to by and between the parties that the Project Leader shall consult with representatives of N&M at all reasonable times during the duration of the Project. Upon completion of the Project, UNIVERSITY shall promptly provide N&M with a comprehensive final written report of the Results of the project, including all ideas, discoveries, analysis, conclusions, drawings, software, and specifications, whether patentable or not, know how, or any other significant Results arising from any research on glial growths performed by Project Leader during the term of this Agreement. At the request of N&M, UNIVERSITY will allow N&M to examine and any all written records, data, or physical materials in its or SUPERIOR FACULTY possession or under its control relating to the Project.

4.1 Use of Reports. The Research Results (including, but not limited to, the reports described in 4.0) and any experimental techniques, copyrighted material shall be freely usable by N&M. All Results are considered works made for hire and shall remain the exclusive property of N&M.

4.2 Patentable Inventions. Any and all inventions, ideas, discoveries, improvements, or developments (whether or not patentable), as well as all copyrightable expressions thereof (hereinafter referred to as "Intellectual Property"), that may be conceived or made by UNIVERSITY and/or the UNIVERSITY's partner(s), employee(s), agent(s), vendor(s), contractor(s), subcontractor(s), or any other party employed by the UNIVERSITY shall be deemed to be the property of N&M.

4.2.1 The UNIVERSITY in order to satisfy its obligations under this Agreement shall promptly furnish N&M with complete and accurate information, including, but without limitation, a detailed written description thereof, giving the date of invention or the date of the expression and naming all of the inventors or authors and others involved in the development of the invention or expression. In addition, UNIVERSITY will also provide information to N&M on the potential products and markets therefore, as well as investors or companies that N&M might solicit as a source of development capital.

4.2.2 N&M shall file any and all patent applications, or copyright registrations with respect to glial growths and Results, or any portion thereof, and decide, with limitation, the timing of the filing of such application, the contents thereof, the jurisdictions in which such applications should be filed, selection of patent counsel, and any and all other details pertaining thereto. Following consultation with UNIVERSITY, N&M shall prepare, file and prosecute patent applications or any and all copyright registrations in relation to any portion of the Results in such jurisdictions and manner as N&M may deem appropriate. All such applications shall be filed and prosecuted by N&M in the name of the inventors, and their assignments to N&M at N&M's expense. If any Intellectual Property has been jointly developed then University shall share such expenses jointly with N&M. UNIVERSITY shall cause members of the UNIVERSITY to execute all documents and perform all other acts which N&M may reasonably request in order to prepare and prosecute any of the above defined applications for patent or copyrights, and maintain and enforce any Patents issued therefrom.

4.4 Copyrighted Works. Any and all copyrighted works including jointly developed works will be works made for hire and owned solely by N&M. N&M grants to UNIVERSITY a non-exclusive right to use Copyrighted Works in their non-commercial research programs.

4.5 University Use. N&M hereby grants to UNIVERSITY a non-exclusive, royalty-free license to use for internal research purposes only said Intellectual Property. UNIVERSITY shall not disclose Intellectual Property to any third party without the express written approval of N&M.

4.6 Confidentiality. UNIVERSITY shall cause those working on the Project Team and any other UNIVERSITY employee involved in the research subject to maintain the confidentiality of the a) Research Results and information generated under the Project, b) all business plans or other proprietary information received from N&M, and c) subject to applicable law, the terms of this Agreement or any other agreement which may subsequently be entered into by the

parties. All of a), b), and c) together or separately shall be deemed Confidential Information. This Confidential Information may be disclosed upon at least ten (10) business days prior notice to N&M insofar as such disclosure is necessary to allow UNIVERSITY to defend against litigation or to comply with governmental regulations. Such obligation of confidentiality shall be waived as to Confidential Information which is (i) in the public domain and (ii) was known to the party claiming waiver prior to its disclosure by N&M or the execution of this Agreement.

4.7 Publications. Notwithstanding 4.4, UNIVERSITY may publish or disseminate the Research Results, provided that before any publication or dissemination (including oral presentations at seminars or symposia) UNIVERSITY shall furnish N&M a copy of any proposed manuscript or presentation at least thirty (30) days prior to publication or disclosure or to any third party. If N&M does not request a delay in submission or presentation, UNIVERSITY may proceed with the submission or presentation. In the event that N&M asks to defer submission or presentation, UNIVERSITY shall not publish or otherwise disclose, and refrain from publishing or disclosing to any third party any of the information contained in the proposed submission or presentation until N&M notifies UNIVERSITY that it has arranged for the filing of a patent application or taken other necessary action to protect the Research Results or Intellectual Property contained in such presentation or submission. N&M shall use its best efforts to take the necessary action as promptly as possible. In no event shall the delay exceed one (1) year from the date of the initial notice to N&M. Nothing in this paragraph shall be construed to prohibit or limit in any way the nonpublic disclosure and discussion of Results among members of the Project and other scientific investigators of UNIVERSITY solely for educational or research purposes. However, UNIVERSITY will advise members of the Project Team and any other scientific investigators of UNIVERSITY to whom the Results or Intellectual Property may be disclosed that when making such nonpublic disclosures, it is necessary that agreements and understandings from the members of the Project Team and other scientific investigators be obtained to protect the Results and Intellectual Property.

Article V - Term and Termination

5.0 Project Term. The Project Term shall commence on the effective date of this Agreement and shall continue for a period of one (1) year unless (a) terminated earlier by either party in accordance with this Article V or (b) extended by mutual agreement of the parties. Upon termination or expiration of the Project Term, and then unexpended Project Funds shall be promptly refunded to N&M by UNIVERSITY.

- 5.1 Term of Agreement. The rights and obligations of the parties with respect to the conduct and funding of the Project shall continue for the Project Term. All other provisions of the Agreement shall survive any termination or expiration of this Agreement.
- 5.2 Termination. N&M has the right to terminate this Agreement. If either party shall be in default of any of its obligations under this Agreement and shall fail to remedy such default within three (3) days after receipt of written notice thereof, the party not in default shall have the option of terminating this Agreement by giving written notice of termination to the defaulting party.
- 5.3 Effect of Termination. Termination of this Agreement shall not affect the rights and obligations of the parties accrued prior to termination.

Article VI - Representations and Warranties

- 6.0 UNIVERSITY Representations and Warranties. UNIVERSITY represents and warrants that UNIVERSITY has not granted to any third party, nor will any third party have, any rights in any portion of the Results. In addition, UNIVERSITY represents and warrants that its obligations under this Agreement are not subject to any prior commitments to, and will not conflict with any obligation of UNIVERSITY to any other party and it has all requisite power and authority to enter into this Agreement; all necessary approvals and consents, if any, from governmental entities and third parties have been duly and properly obtained, and this Agreement constitutes a valid and legally binding obligation of UNIVERSITY. To the extent Results may be claimed by third parties to be infringing UNIVERSITY will defend and hold harmless N&M, its employees, officers, directors, agents, manufacturers, and/or distributors, from any damage or liability attributable to such claim of infringement.
- 6.1 N&M Representations and Warranties. N&M represents that it is a duly incorporated and validly existing under the laws of the State of Never Never Land, that all corporate action necessary to authorize its execution and delivery of this Agreement has been duly and properly taken and that this Agreement constitutes the valid and legally binding agreement of N&M.

Article VII - Miscellaneous Provisions

- 7.0 Independent Contractors. N&M and UNIVERSITY each hereby acknowledge that they are independent contractors and not the agent, partner, or joint venture of the other. Neither the UNIVERSITY nor N&M shall have the authority to make any statements, representations or

commitments of any kind or to take action, which shall be binding on the other, except as expressly provided for herein or authorized in writing by the party to be bound.

7.1 Damages. Neither party shall be liable to the other party for any indirect incidental or consequential damages arising from, or connected in any way with, this Agreement.

7.2 Notice of Certain Events. Each party shall promptly notify the other upon becoming aware of any of the following events; alleged infringement of the Patents by any third party; or any other event that may reasonably be expected to have a material adverse effect upon the Project.

7.3 Force Majeure. Each party hereto shall be relieved of its obligations hereunder to the extent that fulfillment of any such obligation shall be prevented by acts beyond the reasonable control of the party affected thereby.

7.4 Amendment and Assignment. This Agreement may not be amended, assigned, supplemented, or otherwise modified except by a writing signed by both parties, provided that the foregoing shall not apply to the assignment by N&M of all of its rights and obligations hereunder to any purchaser(s) of all or substantially all of N&M's assets. This Agreement shall be binding upon the parties and their respective successors and permitted assigns.

7.5 Applicable Law. This Agreement shall be construed and the rights of the parties determined in accordance with the laws of Never Never Land.

7.6 Titles. The titles of the articles and section of this Agreement are for general information and reference only, and this Agreement shall not be construed by reference to such titles.

7.7 Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes hereof if mailed by first class certified or registered mail, postage prepaid, addressed as follows or to such other address as may have been furnished in writing by the addressee to the notifying party:

N&M: _____

UNIVERSITY:

7.8 Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same Agreement.

7.9 Miscellaneous. The parties agree to execute such further or other documents, if any, as may be reasonable required from time to time to give effect to the provisions of this Agreement. This Agreement represents the entire understanding of the parties with respect to the subject matter hereof and supersedes any and all prior or contemporaneous oral or written agreements relating thereto. If any one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality, and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby in any way provided, however, that if without such invalid provision the fundamental mutual objectives of the parties cannot be achieved, then either party may terminate this Agreement without penalty by written notice to the other.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate original, by their respective officers thereunto duly authorized, as of the day and year written below.

NINNY, N&M, AND CURLY, INC.

SUPERIOR UNIVERSITY

DATE: _____

DATE: _____

