

AGREEMENT BETWEEN OWNERS OF PATENT RIGHTS

THIS AGREEMENT is made by and between the United States of America as represented by the Secretary of the Navy acting through the U.S. Naval Research Laboratory (“NRL” or the “Government”), a United States Federal Government Laboratory of the Department of the Navy, located at 4555 Overlook Avenue, S.W., Washington, D.C. and _____ (“Institution”) having a principal place of business located at _____. The Government and Institution may be hereinafter referred to individually as a Party, and collectively as the Parties. This Agreement shall become effective upon the date of last signature by the authorized representatives of each of the Parties (“Effective Date”).

THE PARTIES AGREE AS FOLLOWS:

1. Background.

1.1. For purposes of this Agreement, the definitions set forth in Appendix A shall apply.

1.2. Institution Inventor(s) and Government Inventors(s) collectively made the invention defined in Appendix A as the “Invention.”

1.3. The Institution Inventor(s) have by separate agreement assigned, or shall assign, all of his/her/their right, title, and interest in the Invention to the Institution, and have agreed to assist the Government through the Institution in preparing, filing, prosecuting, defending, and maintaining the Invention Rights for the Invention throughout the world.

1.4. The Government Inventor(s) have assigned, or shall assign by operation of law, all of his/her/their right, title, and interest in the Invention to the Government, and have agreed to assist the Government in preparing, filing, prosecuting, defending, and maintaining the Invention Rights for the Invention throughout the world.

1.5. This Agreement is expressly subject to the provisions of Title 35, United States Code, Chapter 18, and to 37 Code of Federal Regulations, Chapter IV, as current on the Effective Date of this Agreement. Under those provisions, the United States is entitled and required to retain a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced throughout the world for Government purposes any subject invention conceived or made in the performance of a Government funding agreement. Any license granted hereunder shall be made expressly subject to the license rights retained by the Government. INSTITUTION reserves the right to practice the Invention for research, teaching, and educational purposes.

2. Purpose. The Parties intend to exploit their assigned Invention Rights and share in the Revenues generated therefrom as provided herein. This Agreement establishes the rights and responsibilities of the Parties for obtaining and maintaining the Invention Rights, and for exploiting said rights through licensing.

3. Responsibilities.

3.1. In all instances where a Party has a prior right of approval over an action of the other Party, approval shall be requested in writing. A Party receiving a request for approval shall respond in writing within thirty (30) days. Approvals shall not be unreasonably withheld. The failure to provide a written response within thirty (30) days shall constitute a presumptive approval of such request.

3.2. Patenting and Protecting the Invention.

3.2.1. Institution grants to the Government the exclusive right to prepare, file, prosecute, maintain, reexamine, and reissue the Invention Rights.

3.2.2. The Government shall timely file, prosecute, and maintain a United States patent application on patentable subject matter relating to the Invention, and maintain such United States patent that may issue upon such application, subject to Section 3.2.7.

3.2.3 The Parties shall mutually agree upon which foreign countries are included in the Invention Rights Territory. Both Parties reserve the right to file foreign patent applications in countries other than the Invention Rights Territory at their own expense; any revenue generated from such foreign patent applications in such countries shall be excluded from Revenues shared under this Agreement. Upon making the decision to file a foreign patent application in a jurisdiction other than one in the Invention Rights Territory, a Party shall so notify the other Party.

3.2.4. During the term of this Agreement, neither Party may assign its interest in the Invention Rights without the prior written consent of the other Party.

3.2.5. The Parties shall use their best efforts to assure that their respective Inventors fully cooperate in the preparation, filing, prosecution and maintenance of the Invention Rights. Neither Party is obligated to pay any expenses incurred by the other Party for obtaining the cooperation of the Inventors.

3.2.6. The Government shall: pay all costs associated with preparing, filing, prosecuting, and maintaining the Invention Rights in the Invention Rights Territory following the Effective Date; and, maintain full, accurate, and complete books and records showing all costs incurred for filing, having issued, and maintaining the Invention Rights (which records shall be made available to INSTITUTION for inspection at reasonable times and on reasonable notice).

3.2.7. The Government may, upon sixty (60) days written notice to Institution, abandon the prosecution of any patent application, including provisional patent applications, or the maintenance of any patent for the Invention Rights within the Invention Rights Territory. Upon receiving such notice, Institution may, at its sole option and upon written notice to the Government, assume authority and responsibility for the continued prosecution of any such patent application or the maintenance of any such patent. Institution shall thereafter own all right, title and interest in and to such patent application or patent that it has elected to prosecute and/or

maintain subject only to the Government's retained right to have the Invention practiced for Government purposes as described above.

3.2.8. Subject to any applicable legal requirement or authority (including 35 U.S.C. §205) and the publication right set forth below, the Parties shall retain in confidence and not disclose to a third party, in whole or in part, the Invention Rights or the contents of a patent application file, except under such non-disclosure terms as the Parties may agree to.

3.2.8.1. The Parties may publish information relating to the Invention in scientific journals. In furtherance of this publication right, each Party shall provide to the other a copy of any manuscript prior to submission for publication in order to permit evaluation of whether the manuscript contains patentable subject matter relating to the Invention. At the request of the Party to whom the manuscript is submitted, the submission of the manuscript for publication shall be delayed in order to enable the preparation and filing of a patent application on patentable subject matter disclosed in the manuscript. In implementation of the foregoing, within thirty (30) days after receipt of a manuscript for review, the Party receiving the manuscript will notify the other Party whether a patent application should be filed in accordance with the terms and conditions of this Agreement. If, at the end of such thirty (30) day period, the Parties are not able to agree to a date for submission of the manuscript, the Party submitting the manuscript shall notify the other Party of its intention to submit such manuscript for publication without the other Party's approval and may do so thirty (30) days after giving such notice.

3.2.8.2. Nothing contained herein shall preclude the Parties from making required reports or disclosures to a Federal Agency or any other organizations providing funding which, in whole or in part, resulted in the Invention and which organization requires reports or disclosures to be made. Each Party shall mark any potentially patentable material in said reports, as such, and shall require that it be treated as protected material.

3.2.9. The Government will keep Institution informed, in a timely manner, regarding the preparation, filing, prosecution, and maintenance of the Invention Rights, including, but not limited to, promptly providing U.S. and foreign patent numbers and patent application serial numbers and copies of assignments.

3.2.10. Subject to a grant by the Government to a third party of the Invention Rights that includes the right of enforcement, Institution shall have the right to elect to prosecute legal actions against third parties involving the Invention Rights, including, but not limited to, infringement, interference, opposition, and appeals. Such legal actions shall be at Institution's expense and shall be under the exclusive control of Institution. Institution shall provide thirty (30) days advance notice in writing to the Government prior to initiation of legal action. Upon request by Institution, the Government may provide assistance in connection with such legal actions taken by Institution. Institution shall reimburse the Government for the Government's reasonable expenses incurred in providing such assistance. Any monetary recoveries received by Institution from such legal actions shall first be allocated to reimburse Institution for its costs incurred in prosecuting the legal actions. Any sums remaining after Institution has been fully reimbursed for its direct costs in prosecuting the legal actions shall be treated as Net Income.

3.3. Licensing the Invention Rights.

3.3.1. The Institution grants to the Government the exclusive right to negotiate, execute, administer, and enforce License Agreements for the Invention Rights. The Government shall seek one or more Licensees for the commercial exploitation of the Invention Rights and shall administer all License Agreements for the mutual benefit of the Parties.

3.3.2. The Parties shall cooperate to achieve commercial exploitation of the Invention Rights and shall keep each other informed of all requests by third parties concerning commercial exploitation. The Government shall not have any right, in addition to the rights described herein, to commercially exploit or license the Invention Rights without the express written permission of the Institution. All commercial licenses with respect to the Invention Rights shall be made in the name of Government and shall be administered by Government.

3.3.3. The Government shall make all licenses of the Invention Rights expressly subject to the terms and conditions of this Agreement, and any license terms inconsistent with this Agreement shall be without force and effect. The Government shall provide to Institution copies of all documents licensing the Invention Rights within thirty (30) days after execution of the license by Government.

3.4. License Compensation.

3.4.1. In consideration for securing and administering License Agreements, the Government shall be entitled to retain an Administration Fee of fifteen percent (15%) of any Revenue generated under this Agreement, said Administration Fee not to exceed ten thousand dollars (\$10,000) in any given year.

3.4.2. Except as otherwise provided in this Agreement, Net Income received shall be divided and shared on the following basis: fifty percent (50%) of the Net Income to the Institution; and, fifty percent (50%) of the Net Income to the Government.

3.4.3. The Government shall not license its interest in the Invention Rights without including the corresponding interest of Institution as part of such License Agreement. If the Invention Rights are licensed with other inventions or interests, Revenue received under such License Agreements shall be allocated in equal shares to each of the licensed inventions and interests, and the portion of the compensation allocated to the Invention Rights shall be divided between the Government and Institution in the manner described herein for the Administration Fee and Net Income.

3.4.4. The Inventors shall receive from their respective employers their share of licensing income and such other benefits, if any, specified under the respective patent policies of each of the Parties or under such agreements as may exist between the Inventors and their respective employers. Neither Party shall be responsible to the other for any failure to properly fulfill obligations to the Inventors.

3.4.5. The terms of licensing of the Invention Rights shall distinguish clearly between Revenue collected as compensation for license rights and other payments made as compensation for further research and development pertaining to the Invention.

3.4.6. The terms of compensation for licensing of the Invention Rights shall be negotiated and stated in specific dollar amounts or specific percentages of net income or net sales. Interest and service charges, to cover the Government's administrative costs of collecting delinquent payments, may be assessed and retained by the Government. The Government may accept payment in forms other than a cash equivalent; however, the Government shall pay to INSTITUTION its appropriate share of license compensation in a cash equivalent on an annual basis not later than September 30 for the preceding year ending on July 1. The cash value of Deferred Compensation shall not be payable until such time as the shares have been converted to cash via a liquidity event such as a buyout of the company shares or a public offering, such liquidity event to take place in the Government's sole discretion.

3.5. Reports, Records, Term, and Termination.

3.5.1. The Government shall require royalty reports from all Licensees of the Invention Rights at least annually, and shall furnish a copy of all such royalty reports to Institution concurrent with payments of Institution's share of Net Income.

3.5.2. Institution shall make and keep full, accurate and complete records of all costs incurred and funds received pursuant to legal actions involving the Invention Rights and shall furnish to the Government not later than July 1 a report of all such costs incurred and funds received during the prior twelve (12) months.

3.5.3. The Government shall make and retain full, accurate and complete records as are necessary to establish its compliance with this Agreement. The Government agrees that Institution may, at reasonable times and upon at least thirty (30) days written notice, have a duly authorized agent or representative of the Institution inspect all such records either at the Government's premises or at such other location as may be mutually agreed upon by the Parties.

3.5.4. The term of this Agreement shall be from the Effective Date until the expiration of the last patent in the Invention Rights, unless either Party sooner gives at least six (6) months prior written notice of its intention to terminate. In the event that this Agreement is terminated, Articles 3.2.7 and 3.2.8 shall survive. In the event that a license agreement is in force, the Agreement shall remain in effect.

3.5.5. If either Party at any time defaults in the timely payment of any monies due to the other Party, or if either Party commits any other material breach of this Agreement, and such Party fails to remedy the breach or default within ninety (90) days after written notice thereof by the non-breaching Party, the non-breaching Party may terminate this Agreement, whereupon each Party shall be free to license the technology in accordance with United States Patent Law, subject to any surviving patent licenses and financial obligations established under this Agreement. In the event the Agreement is terminated, the Parties agree that neither Party shall have the right to license in countries in the Invention Rights Territory where a Party elected not to pay its share of

the patent costs, and where the other Party patented the Invention in such other countries at its own cost.

4. General Provisions.

4.1. Any modification of this Agreement, to be effective, must be in writing and signed by the authorized representatives of both Parties.

4.2. This Agreement shall be governed by and construed in accordance with United States Federal Law.

4.3. This Agreement constitutes the full understanding between the Parties with reference to the subject matter hereof, and no statements or agreements by or between the Parties, whether oral or in writing, made prior to the Effective Date hereof, shall vary or modify the written terms of this Agreement.

4.4. If one or more of the provisions of this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, provided that the intent of the Parties in entering into the Agreement is not materially affected thereby.

4.5. Nothing contained in this Agreement shall be construed : (1) as a warranty or representation as to the validity or scope of any patent application or patent filed or issued on subject matter of the Invention; (2) to grant in any way to either Party any rights with respect to any invention, patent application or patent not pertaining to the subject matter of the Invention; (3) as an obligation to bring, or prosecute, actions against third parties for infringement; (4) as an obligation to furnish any manufacturing or technical information; or, (5) as conferring any immunity from, or defenses under, antitrust laws, patent misuse laws, or any other state or United States Federal Law.

4.6. Any time critical communication required or permitted under this Agreement shall be made in writing and sent by personal delivery (including delivery by reputable courier services such as the Federal Express Corporation). Communications shall be addressed as set forth below or as subsequently designated by notice to the other Party.

Communications to Institution shall be addressed to:

Communications to Government shall be addressed to:

Technology Transfer Office
Code 1004
Naval Research Laboratory
4555 Overlook Avenue, SW

4.7. The Parties may issue a press release concerning the Agreement or any License Agreement, only so long as it is reviewed and approved by the Parties, which approval will not be withheld unreasonably.

4.8. The Government confers no right to use the name "U. S. Navy" or "U.S. Naval Research Laboratory" without the prior written consent of the Government. Neither Party may use the name of the other Party in any way for advertising or publicity without the express written consent of the other Party. Institution will be able to make public notices on all literature that describe the technology as being "jointly owned with the U.S. Naval Research Laboratory", but all other references to the Government will require approval through the Technology Transfer Office at the Naval Research Laboratory for Institution marketing materials. The Parties may, however, issue a press release concerning the Agreement or any License Agreement, only so long as it is reviewed and approved by the Parties, which approval will not be withheld unreasonably.

5. Warranties and Representations.

5.1. Institution warrants and represents that the Institution Inventor(s) have assigned, or shall assign, to the Institution all of his/her/their right, title, and interest in the Invention Rights. The Government warrants and represents that it has or shall have by assignment or operation of law all of the right, title, and interest of the Government Inventor(s) in the Invention Rights. The Parties warrant that they shall in good faith have their respective Inventors cooperate and assist in preparing, filing, prosecuting, and maintaining the Invention Rights in the Invention Rights Territory.

5.2. The Parties warrant and represent that, with respect to the Invention Rights, they are under no known obligation to anyone other than the Institution, Inventors, and the United States Government.

5.3. Authorized exchanges of proprietary information between any Party and any non-Party entities shall be pursuant to such separate non-disclosure agreement as may be executed between the Party and such non-Party entities.

IN WITNESS WHEREOF, the authorized representatives of the Parties hereto have duly executed this Agreement on the dates indicated below.

NAVAL RESEARCH LABORATORY

INSTITUTION

By: _____

By: _____

Printed Name:

Printed Name:

Title:

Title:

Date: _____

Date: _____

APPENDIX A

1. "Administration Fee" shall mean a fee retained by the Government as consideration for securing and administering License Agreements.
2. "Agreement" shall mean this Agreement between the Government and the Institution.
3. The term "days" shall mean calendar days.
4. "Deferred Compensation" shall mean obligation established under the terms of a license that is to be quantified and paid as a cash equivalent by the licensee to the Government by a means and at a time as agreed to in that license.
5. "Effective Date" shall mean the date of the last signature of the signatories executing this Agreement.
6. "Government Inventors" shall mean all persons named as an inventor of the Invention who are under an obligation to assign their interest in the Invention Rights to the Government.
7. "Institution Inventors" shall mean all persons named as an inventor of the Invention who are under an obligation to assign their interest in the Invention Rights to the Institution.
8. "Invention Rights" shall mean all rights in the Invention (including but not limited to: provisional, non-provisional, divisional, continuation, and continuation-in-part patent applications; patents; and reissues) throughout the Invention Rights Territory. Invention Rights shall not include any continuation-in-part patent application to the extent that it contains one or more claims directed to new matter which is not subject matter of the Invention.
9. "Invention Rights Territory" shall mean the United States and all foreign jurisdictions where the Parties concur that a patent application for subject matter disclosed and claimed in the Invention Rights should be filed in conformance with this Agreement.
10. The "Invention" shall mean all the patentable subject matter disclosed and claimed in the following: _____ . The Inventions were funded by the United States Government except for the part carried out by Institution. The subject matter of the Invention generally relates to _____ .
11. "Inventors" shall mean the Government Inventor(s) and the Institution Inventor(s).
12. "License Agreement(s)" shall mean any agreements entered into by the Government for the benefit of the Government and the Institution with a third-party Licensee wherein the Government grants a Licensee the right to make, use, lease, sublicense, and/or sell products or processes covered by the Invention Rights in a field of use or within a designated area in the Invention Rights Territory.
13. "Net Income" shall mean Revenue less the Administration Fee less actual costs incurred in pursuing, prosecuting, and/or maintaining the Invention Rights and actual costs incurred in pursuing or defending legal actions.
14. "Revenue" shall mean any monetary payments received under the terms of a License Agreement.