ANNOTATED MATERIAL TRANSFER AGREEMENT

MATERIAL TRANSFER AGREEMENT*	**COMMENTS**
	*A Material transfer agreement (MTA) is a contract that governs the transfer of tangible research materials between two organizations, when the recipient intends to use the materials for his or her own research purposes. The MTA defines the rights of the provider and the recipient with respect to the materials and any derivatives. While this MTA focuses on the transfer of pharmaceuticals and biological materials, MTAs may also be used for other types of materials, such non-pharmaceutical compounds and even some types of software.
This Material Transfer Agreement (this "Agreement"), as of _____, 20__[1] is entered into by and between _____, a _____, having an address at _____ (as hereafter defined "Recipient"), and _____, a _____ having an address at _____ ("Company").	[1] Add ("Effective Date"). An Effective Date should be chosen with a view to capturing activity that has occurred prior to signing the agreement.
RECITALS	**COMMENTS**
A. Company and Recipient desire to have _____, Recipient [scientist][2], conduct _____ studies of Compounds (as defined below) supplied by Company as more fully described in Exhibit A, which may be amended from time-to-time upon agreement of Recipient and Company in writing to include additional studies (the "Purpose").	[2] This term may or may not be necessary, depending on the context of the agreement, and who Recipient is. For example, if a company provides lubricants for testing (not to derive chemical composition) to a classification society to see which one allows for best ship engine performance, "scientist" would not be used in the agreement because it's not being provided for the purpose of conducting scientific research.
B. In connection with the Purpose, it is anticipated that Company will provide samples of the Compounds to Recipient in order to carry out the Purpose, and Company is willing to do so, provided that Recipient agrees to use such samples of the Compounds pursuant to the terms of this Agreement[3].	[3] Consider adding "and solely in order to accomplish the Purpose" after "Agreement" if Company wishes to make the use of the Compounds more restrictive to the Purpose versus mere compliance with the terms of the Agreement.
NOW THEREFORE, in consideration of Company providing such samples based upon the terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each party, intending to be legally bound, agrees as follows:	
	COMMENTS
1. Definitions[4]	[4] Precise definitions are critical because they often come into play in provisions that define IP ownership and set forth the scope of the license grants.

1.1 "Compounds" shall mean any and all (i) compounds provided under this Agreement, (ii) including any derivatives, modifications, improvements, fragments, components, analogs or homologs[5] thereof, (iii) any materials which could not have been discovered or made hereunder but for use of the Compounds or Confidential Information of the Company, and (iv) any materials that incorporate or are combined with any Compounds as described in this Section 1.1.[6]	[5] Depending upon the level of scientific knowledge of the parties and their counsel, a footnote briefly explaining these terms could be added.[6] From the Recipient's perspective, this clause seems overly broad. What falls into item (iv) could be anything. From Company's standpoint, this definition is meant to broadly capture anything that is related to the Compound.
1.2 "Data" shall mean any data, results, analysis, or other information arising or generated from or based on the research or studies undertaken pursuant to this Agreement by way of the use of the Compounds or Confidential Information furnished hereunder.	
1.3 "Intellectual Property Rights" shall mean rights in Patents, Know-How, copyrights and software, including all applications for registration for the foregoing and all other similar proprietary rights as may exist anywhere in the world. 1.4 "Invention" shall mean any and all discoveries, developments, improvements, know-how, modifications, combinations, formulations, analogs or homologs, materials, compositions of matter, cell lines, Data, processes and other inventions (whether or not patentable) conceived, reduced to practice, or otherwise made, either solely or jointly with others, that incorporate, include, use or claim, are based on, identified, generated or made through, refined or improved by the use of any of the Compounds or Confidential Information, or arise from the research or studies conducted pursuant to this Agreement, and all Intellectual Property Rights and protections arising from any of the foregoing.	
1.5 "Know How" shall mean non-public materials and technical information, including techniques, methods, processes, technology, recipes, designs, equipment configurations and uses, biological samples, compounds and cell lines, and biological, chemical, pharmacological, toxicological, clinical, assay and related trade secrets, and manufacturing data, preclinical and clinical data, the specifications of ingredients, the manufacturing processes, formulation, specifications, sourcing information, quality control and testing procedures, and related know-how and trade secrets. 1.6 "Patents shall mean: (a) patents and patent applications anywhere in the World; (b) all divisionals, continuations, continuations in-part thereof or any other patent application claiming priority, or entitled to claim priority, directly or indirectly to: (i) any such patents or patent applications; or (ii) any patent or patent application from which such patents or patent applications claim, or is entitled to claim, direct or indirect priority; and (c) all patents issuing on any of the foregoing anywhere in the world, together with all registrations, reissues, re-examinations, patents of addition, renewals, substitutions, validations, and re-validations, supplemental protection	

certificates or extensions of any of the foregoing anywhere in the world, and (d) all provisional and any other priority patent applications filed worldwide.	
	COMMENTS
2. General Rights and Obligations.	
2.1 The Compounds are provided to Recipient for internal, non-commercial research purposes and shall be used solely in order to accomplish the Purpose. The Compounds are NOT FOR USE IN HUMANS OR ANIMALS without prior written consent of Company.[7] No samples of the Compounds are to be given or made available to any other person, firm, or entity (other than Recipient employees in order to accomplish the Purpose), but are to remain under Recipient's immediate and direct control. Recipient agrees not to attempt, without Company's prior written approval, to analyze the Compounds for their chemical or physical composition or to use the Compounds in any manner (including, without limitation, as a reference standard) to produce additional Compounds.[8]	[7] Make sure that exhibit clearly defines the scope of work. Include in definition of purpose. [8] The intent of this provision to restrict against reverse engineering, and also serves to limit the amount of Compound that the Recipient receives, *i.e.*, to keep control of the origin of the Compounds of interest. It may chemically possible for the Recipient to synthesize more chemical compounds than what they are sent through, for instance, reverse engineering. Typically, companies only want to send the Recipient the minimum amount of compounds necessary to carry out the research plan.
2.2 This Agreement does not restrict Company's right to distribute the Compounds to other commercial or non-commercial entities.[9]	**[9]** Company is looking to preserve the Company's freedom to use the Compounds during the term of the Agreement.
2.3 The provision of the Compounds to Recipient in no way prevents or restricts Company's right to publish any document relating to the Compounds, except as provided in Section 4[10] below.	**[10]** Restrictions on publication are put in place to safeguard confidentiality. This provision balances the need for confidentiality, while preserving the Company's right to make disclosures as it sees fit that do not unduly reveal Confidential Information.
2.4 Recipient agrees to use the Compounds in a safe manner and in compliance with applicable laws, orders, regulations and guidelines[11], including but not limited to those relating to biotechnological or pharmaceutical research, handling and containment of biohazardous materials, and use or disclosure of patient information or materials.	**[11]** This language appears broad enough to cover compliance with US export control regulations.
2.5 If Recipient conducts any research in animals in connection with the Purpose, Recipient will promptly report to Company in writing any event(s) that qualify as serious adverse experiences according to the criteria set forth in the research protocol described in Exhibit A.[12]	**[12]** If the Recipient is not using the Compounds on animals or humans, this provision can be deleted. Another option would be to modify as follows: "If Recipient conducts any research in connection with the Purpose that may adversely affect animals or humans". If the Recipient is using the Compounds in animals, consider adding a section regarding the ethical treatment of animals.
2.6 Recipient acknowledges and agrees that, as between the parties,[13] notwithstanding any other provisions of this Agreement, Company holds all right, title, and interest in and to the Compounds and Confidential Information. No option, license, or conveyance of rights, express or implied, is granted by Company to Recipient in connection with any Compounds or Confidential Information, except the right to use the Compounds and Confidential Information in accordance with the terms of this Agreement solely in order the accomplish the Purpose.	**[13]** "As between the parties" is a representation that from the point of view of the Recipient, the Company is the owner of the Compounds and the Confidential Information being furnished under this Agreement. If Recipient is faced with a third party IP infringement claim over the Compounds or the Confidential Information provided by Company, this may serve to hold

	the Company accountable; see notes 69 and 72 below.
2.7 Recipient agrees not to use the Compounds in any fashion in research that is subject to consulting, licensing or similar obligations[14] to any third party without the prior written consent of Company.	**14** This clause is important from Company's perspective because consulting services often entail delivering a final report to the client, with such work being a work for hire. Thus, the client would own the final deliverable that could contain proprietary information. Such an event could trigger a disclosure under U.S. patent law, thereby setting in motion the 1-year grace period in which an application must be filed to file once a disclosure has been made in order for the invention to be patentable. Though there is not a statute of limitations, *per se*, for disclosing an invention under US patent law, there is a 1-year bar on patentability after a disclosure of the invention is made. Outside the U.S., many jurisdictions provide for a disclosure to render an invention ineligible for a patent, as the disclosure nullifies the invention's novelty.
	COMMENTS
3. Confidentiality.	
3.1 Recipient and Company have entered into a Confidential Disclosure Agreement dated _____, 20___ (the "CDA") which is made a part of this Agreement.[15] All equipment, materials, documents, Data, information, combinations, reports, updates and suggestions of every kind and description supplied to Recipient directly or indirectly by Company or generated by Recipient pursuant to this Agreement shall be the sole and exclusive property of Company and be treated as Confidential Information in accordance with the terms of the CDA, subject to Section 4.	[15] Incorporate an existing non-disclosure agreement by reference, and consider adding it to this agreement as an exhibit.
[alternative language if no existing CDA[16]	[16] If there is not an existing confidentiality agreement between the Company and the Recipient, replace Section 3.1 with these confidentiality provisions.
3.1 "Confidential Information" shall mean all information concerning products, technology, business plans, financials, data, test results, methods, protocols, development strategies, processes, formulations, compounds[17] and any other confidential or proprietary information whether of a written, oral, electronic or visual nature furnished by one party (the "Disclosing Party") to the other party (the "Receiving Party")[18] in connection with this Agreement or the research contemplated herein, regardless of whether such information is specifically designated as confidential and regardless of whether such information is in oral, written, electronic or other form. All	[17] This clause refers to all of the possible information/material that would be considered Confidential Material, rather than specifically referring to Compounds under the agreement, which definitely fall within the scope of Confidential Information. **18** A question to ask when reviewing a provision such as this would be, How mutual is this confidentiality provision? Consider the confidential information that is being passed—

equipment, materials, documents, Data, information, combinations, reports, updates and suggestions of every kind and description supplied to Recipient directly or indirectly by Company or generated pursuant to this Agreement shall be the sole and exclusive property of Company and be deemed Confidential Information[19], subject to Section 4. Confidential Information shall not include information that:	here, it appears that the focus of protection is the Compounds from the Company's perspective. The Company is taking a risk by transferring these Compounds to the Recipient, so the Company must protect the Compounds as much as possible. Often, no money is exchanged in these MTAs, such that the Recipient's preservation of confidentiality is a *quid pro quo* for the Recipient to receive the Compounds from the Company. [19] One question that the Recipient may ask is, How is this language consistent with Section 4.2? It is consistent because Section 4.2 is about copyright, whereas this section is about ownership of materials, Data, etc. Recipient can still publish on the results, pursuant to Section 4.1.
(a) is generally available[20] in the public domain or thereafter becomes available to the public through no act of the Receiving Party; or (b) was independently known to the Receiving Party prior to receipt thereof or was discovered independently by an employee of the Receiving Party who had no access to the information supplied by the Disclosing Party under this Agreement, as evidenced by written records; or (c) was made available to the Receiving Party as a matter of lawful right by a third party who had no obligations of confidentiality to the Disclosing Party.	[20] The Recipient may wish to delete "generally available"; as Recipient would argue that information is in the public domain or it is not. From the Company's perspective, the Company would want to keep this language.
3.2 The obligations of the Receiving Party under this Section 3 shall survive and continue for seven (7)[21] years after expiration or termination of this Agreement.	[21] The duration can be adjusted, depending on the parties and on the materials being exchanged. If representing Recipient, consider trying to reduce this duration to 5 years, which is pretty standard, at least, in the pharmaceutical industry.
3.3 Obligations. The Receiving Party agrees that it shall not, without the prior written consent of the Disclosing Party, directly or indirectly[22]:	[22] The language "directly or indirectly" contemplates a situation where the Receiving Party may not disseminate the Confidential Information themselves, but could be aware that such Confidential Information was disseminated.
(a) make any use, including but not limited to any research, commercial or potentially commercial use thereof, of any portion of the Confidential Information of the Disclosing Party for purposes other than the Purpose; (b) duplicate, disseminate, disclose or transfer any portion of the Confidential Information to any person or entity, except that the Receiving Party may disclose or permit the disclosure of Confidential Information to its employees who are obligated to maintain	[23] With respect to (b) and (c), what if Recipient needs to seek legal advice? What if Recipient is being compelled to furnish the Confidential Information in a legal proceeding? The agreement as written did not contemplate this situation in the exceptions to confidentiality, so such exceptions have been inserted. Additional protections might be required, if

the confidential nature of such Confidential Information pursuant to this Agreement and who need to know such Confidential Information for the performance of this Agreement; (c) duplicate, disseminate, disclose or transfer any portion of the Confidential Information to any other person or entity, including, but not limited to, a government agency, firm or business; or[23] (d) make or use any notes or memoranda relating to any Confidential Information except for the Purpose.	Confidential Information has to be disclosed to financial advisors.
Notwithstanding the above, the Receiving Party may disclose Confidential Information of the Disclosing Party when required by applicable laws, subpoenas, court orders, or government regulations; provided, however, that the Receiving Party advises the Disclosing Party as far in advance of the need for such disclosure as practicable in order to enable the Disclosing Party to seek a protective order or other appropriate remedy. Upon the Disclosing Party's request, the Receiving Party will use reasonable efforts to assist the Disclosing Party to obtain assurances that confidential treatment will be accorded to the Confidential Information disclosed pursuant to this Section 3.3. The Receiving Party shall give the Disclosing Party written notice of any Confidential Information to be disclosed pursuant to this Section 3.3	
3.4 The Receiving Party acknowledges that the Disclosing Party (or any third party entrusting its confidential information to the Disclosing Party) claims ownership of the Confidential Information disclosed by the Disclosing Party and all Intellectual Property Rights in or arising from, such Confidential Information. No option, license, or conveyance of such rights, express or implied, is granted to the Receiving Party in connection with any Confidential Information disclosed by the Disclosing Party.	
3.5 In the event of any unauthorized use or transfer of the Compounds or the Company's Confidential Information (*i.e*., any use or transfer beyond that expressly permitted under this Agreement), Company may terminate this Agreement upon written notice to the Recipient with immediate effect, and Recipient thereafter will no longer have the right to use the Compounds or the Confidential Information for any purpose.	
3.6 The Receiving Party agrees that money damages will not be a sufficient remedy[24] for any breach of this Section 3 by it or its employees, and the Disclosing Party shall be entitled to specific performance and injunctive relief and any other appropriate equitable remedies for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement but shall be in addition to all other remedies available at law or in equity.	[24] Money damages are an insufficient remedy for breach of confidentiality because the damage is impossible to calculate. Specific performance isn't always possible when an inadvertent disclosure is made of Confidential Information. That act cannot be undone.
	COMMENTS
4. Publication	
4.1 Recipient shall have the right, consistent with academic standards, to publish or present the results of	[25]If the Recipient wrote a paper setting forth the results of the research performed under

research performed under this Agreement.[25] In order to balance this right with Company's proprietary interests, Recipient shall submit the proposed publication to Company for its review at least forty-five (45) days[26] prior to the submission to any journal for review or in the case of proposed public oral disclosures, Recipient shall submit an abstract of the proposed disclosure at least fifteen (15) days prior to public disclosure. Company will complete its review within such forty-five (45) days or fifteen (15) days of receipt of the submitted documents. Company may require that Recipient delete from its publication, presentation, abstract or similar documents or disclosure any of Company's Confidential Information. If, during the forty-five (45) or fifteen (15) day, as applicable, review period, Company notifies Recipient that it desires to have a patent application filed on any Invention disclosed in the publication, presentation, abstract or similar documents or disclosure, Recipient will defer publication or public disclosure for up to forty-five (45) additional days[27] from the date of notice by Company to permit Company or Recipient to prepare and file a patent application. Company will make a good faith effort to file any such patent application(s) on a prompt basis.	this Agreement, they would own the copyright to it, and, under 4.2, Company would have a royalty-free license to it. **[26]** 45 days is likely too short, and that Company should have 60 days to review the publication, although some agreements may provide for up to 90 days. This time period doesn't relate to the time necessary for the Company to prepare a patent application, but rather, it refers to the time that the Company has to initially review the draft publication. **[27]** This time period seems too short. The Company should be able to delay the publication or presentation for a period of time not to exceed 90 days from the Company's receipt of the proposed publication for the purpose of deleting such Confidential Information and/or filing appropriate patent applications relating to such subject matter pursuant to Section 6.
4.2 Recipient agrees that, if it publishes or presents the results of any research or study performed under this Agreement, Company is hereby granted a non-exclusive, worldwide, full paid-up, non-transferable royalty-free license to make and distribute copies of such publication or presentation results under any copyright privileges that Recipient may have. The Recipient shall, in any agreement with a journal or other publisher to publish any study or services performed under this Agreement, use reasonable efforts to reserve expressly all copyright rights necessary to grant Company the license and rights contained herein.[28]	[28] What if Recipient is not successful? Some journals and conference organizers require an assignment of all copyright rights in order for the submission to be considered for publication or presentation, before the journal/conference decides whether to accept or reject the submission? Also consider adding language here to require the Recipient, consistent with academic standards, to provide either acknowledgement or allow for co-authorship to Company, whichever is appropriate.
	COMMENTS
5. Report.	
5.1 Not later than three (3) months after the date of delivery of Compounds and at least every three (3) months thereafter, Recipient will update Company in writing in reasonable detail regarding the titles of all studies being conducted or contemplated pursuant to this Agreement using any Compounds, the progress and results of the studies hereunder, and any information on safety-related findings.	
5.2 In exchange for use of the Compounds, Recipient agrees that it will provide Company with a written report within thirty (30) days of completion of the Purpose or earlier termination of this Agreement of the results of the work performed under this Agreement, including all Data, in the form of a research report of sufficient quality and detail to support the submission of a publication in a scientific journal ("Report"). Recipient shall not disclose or provide to for-profit third parties the research report, results, Data and updates provided pursuant to Section	[29] See comment 14 above.

5.1, except as provided in Section 4.[29] Company shall have the right to use the research report, results, Data and updates in any manner it deems appropriate to its business interests, and as required by legal and/or business obligations, including to support patent filings, in submissions for the product approval process to governmental regulatory authorities, to comply with securities law or to satisfy other requirements of any governmental agency.	
	COMMENTS
6. Inventions.[30]	**[30]** This Section is of great significance because it addresses the ownership and licensing of new IP generated as the result of the research conducted with the Compounds, and how such new IP will be protected.
6.1 Any discoveries, developments, improvements, know-how, modifications, combinations, formulations, compositions of matter, cell lines, data, processes and other inventions (whether or not patentable) solely made, conceived or reduced to practice by Recipient or Company prior to such party performing its obligations hereunder, are and shall remain sole property of Recipient or Company, as applicable[31]. Recipient shall own all right and title to Inventions made, conceived or reduced to practice solely by Recipient's researchers. Company shall own all right and title to Inventions made, conceived or reduced to practice solely by Company researchers.[32] Recipient and Company shall own jointly[33] Inventions made, conceived or reduced to practice jointly by Recipient's and Company's researchers.[34] Inventorship shall be determined by United States Patent Law.[35]	**[31]** This first sentence sets forth the ownership of each party's background intellectual property; consider making this a new definition ("Background IP"). Here, any new IP, which could be defined as "Arising IP", generated by a party to this Agreement that would not have resulted, but for such party's Background IP will belong to the party who furnished it. [32] Each party to this Agreement owns the Inventions made, conceived or reduced to practice that are the result of such party's sole efforts in conducting the research. [33] It is inherent that joint inventors have equal and undivided interests in jointly made inventions. [34] For Inventions that arise as the result of joint efforts of the parties, such inventions will be jointly owned. Joint ownership also raises the question of who will file for patent protection, how the expenses for patent prosecution will be divided, or how the parties will transfer ownership in the event that one party is not interested in pursuing a patent for the jointly owned invention. These issues are addressed in 6.2. [35] Because patent protection is territorial, it is important to select the law that will determine inventorship and govern the prosecution of the patent, especially when working with Inventions who have inventors from multiple jurisdictions.
6.2 Recipient will promptly disclose to Company in writing any Inventions made, conceived or reduced to practice solely or jointly by Recipient's employees or researchers.[36] Such disclosure shall be sufficiently detailed for Company to assess the patentability of the	[36] The disclosures made by Recipient could likely serve as the building blocks for Company to draft the claims for the patent application, should Company choose to pursue it.

technology.[37] Upon the written request of Company, Recipient will promptly file a patent application(s) on Inventions solely owned by Recipient after due consultation with Company regarding the claims and content of such application(s). Company shall reimburse Recipient for all reasonable out-of-pocket costs[38] incurred in connection with the filing of such application(s). Company shall have the sole right to file patent application(s) on Inventions that are jointly owned after due consultation with Recipient regarding the claims and content of such application(s). Each party shall provide reasonable assistance to the other in such other party's efforts to seek protection of Inventions owned by such party.	[37] The determination of patentability serves for Company to use its resources efficiently and determine from the outset if the technology will meet the requirements of patentability under Section 101, and also if there are any bars or deadlines that have been or will likely be triggered. [38]Many parties, especially academics, push back on the term "reasonable out of-pocket costs". It is often important for Company to keep this phrase in to avoid being billed by unreasonably high prosecution costs, mainly from outside firms.
6.3 All Inventions that are owned or jointly owned by Recipient shall be subject to the following licensing terms.[39] Recipient agrees to grant and hereby grants to Company a non-exclusive[40], royalty-free, perpetual, irrevocable[41], transferable[42], fully paid-up, worldwide license with right to sublicense[42] to make, have made, use, sell, offer to sell and import[43] such Inventions. If Recipient decides to discontinue patent prosecution or maintenance[44] of Inventions licensed under such non-exclusive license, Recipient will notify Company in writing at least ninety (90) days in advance of such discontinuance, and Company will have the right, at its option, to prosecute and maintain any such patents at its expense in the name of Recipient and, at that time, will have six (6) months, which period can be extended upon mutual written agreement, to negotiate with Recipient for an exclusive, royalty-bearing[45] license under such Inventions on reasonable terms (which shall include a right of Company, at Company's sole expense, to control the prosecution, maintenance, and defense of all patents to which the license relates[46]). In the event that Company does not enter into an exclusive, royalty-bearing license with Recipient with respect to such Inventions in such time period[47], (A) Recipient shall be entitled to negotiate in good faith with one or more third parties a license under such Inventions (subject to Company's non-exclusive license rights therein and Company's right to prosecute and maintain patents related to such Inventions)[48]; provided however, that Recipient may only offer such rights to third parties on terms and pricing no more favorable than those last offered to Company, unless the more favorable terms and pricing have first been offered to Company and either Company declined in writing to accept the terms and pricing or did not respond after a period of forty-five (45) days[49], and (B) Company will continue to have the right to prosecute and maintain any patents covering such Inventions at its expense in the name of Recipient; provided that, in the event that Recipient has one or more other licensees to such Inventions, the patent costs shall be pro-rated equally amongst all such licensees[50].	[39] As a non-profit institution, the Recipient because of tax regulations and/or the Bayh-Dole Act will generally not be able to assign inventions to the Company. Some less sophisticated non-profits may agree to assignment of inventions. If the MTA were with a for-profit company, the Company would want to receive an assignment of the inventions generated under the research being conducted under the MTA. For more information on how Bayh Dole impacts the assignment of inventions by researches to universities, *see Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc*., 131 S.Ct. 2188, 2194 n.2 (2011), *available at* http://www.supremecourt.gov/opinions/10pdf/09-1159.pdf (emphasizing that, in order to be a valid transfer of present interest, an assignment to a university should contain the language, "hereby assigns" versus the future promise of "agrees to assign"). [40] This preserves the Recipient's ability to license its Inventions or the jointly owned Inventions to other parties. [41] This is the true consideration for this Agreement, since the license cannot be revoked once it has been granted. The Recipient may have reservations to granting an irrevocable license. [42] Company may assign its license from Recipient to other parties. Recipient may wish to somehow restrict Company as to which third parties Company may assign its license rights, such as entities that are direct competitors of Recipient.

	Consider adding "through multiple tiers" here, as doing so is a common practice in corporations, especially large ones. [43] These are some of the exclusive rights protected by patent law. [44] A patent, once granted, needs to be maintained in order to keep the protection status active. [45] The license from Company to Recipient would be royalty-bearing in this instance because Company would be in a position of having to "revive" the patent by way of new filings or expenses for maintenance as a result of the Recipient failing to keep the patent in active status, and so this is a way for Company to recover some of the costs for doing so. [46] As above. [47] This provision contemplates the procedure to follow if Company and Recipient cannot reach an agreement for the royalty-bearing license from Company to Recipient. [48] Recipient is still afforded the opportunity to negotiate licenses with third parties, so long as such licenses do not conflict with Company's license rights under this Agreement. [49] The license terms that Recipient offers to third parties must be equal to, but not more favorable, than the terms to which Recipient and Company have agreed under this Agreement. The terms offered to third parties can only be more favorable if such terms were first offered to Company, and Company has declined in writing or failed to respond within the allotted time frame. [50] Company continues to prosecute and maintain the patents to the Inventions, but can spread the costs of such prosecution and maintenance amongst the Licensees that Recipient already has, so as to recoup its costs.
6.4 In addition to the rights in Section 6.3, for Inventions determined to be solely owned by Recipient or jointly owned by Company and Recipient, Company is granted an exclusive option to negotiate an exclusive license[51], including the right to sublicense[52], on reasonable terms (which shall include a right of Company, at Company's sole expense, to control the prosecution, maintenance, and defense of all patents to which the license relates)[53],	[51] This is a second, significant consideration for the Company providing the Materials; it is a right of first refusal for Company to secure an exclusive license for the IP generated as a result of the research that is solely owned by the Recipient or jointly owned by Company and the Recipient.

to such Inventions or, as applicable, Recipient's rights in such jointly owned Inventions[54], such option to be exercised within six (6) months[55] of disclosure of the Inventions to Company. Company shall have upon election six (6) months to negotiate a license[56], which period can be extended by mutual written agreement. In the event the parties fail to reach a mutually acceptable license agreement within the above specified time period, Recipient shall be entitled to negotiate in good faith with one or more third parties a license under any Inventions solely owned by Recipient[57] or Recipient's rights in Inventions jointly owned by Company and Recipient (subject to Company's non-exclusive license rights therein); provided however, that Recipient may only offer such rights to third parties on terms and pricing no more favorable than those last offered to Company[58], unless the more favorable terms and pricing have first been offered to Company and either Company declined in writing to accept the terms and pricing or did not respond after a period of forty-five (45) days.[59]	[52] The sublicense that Company grants to a sublicensee must be on the same terms as the original license granted by Recipient to Company, since Company cannot convey more rights to a sublicensee than what Company would already hold under the original license. As above in 6.3, consider adding "through multiple tiers" after "right to sublicense". [53]. It is understandable for the Company wanting to exercise control over the prosecution, maintenance and defense of all patents on the exclusive license, but if Company wants this much control Company should consider seeking an outright assignment of the IP from the Recipient. Particularly in the event of an exclusive license, it would be advisable for Company to request an assignment from Recipient for such licensed IP. [54] The highlighted language for comment 53 makes more sense in this context (jointly owned Inventions). [55] In the U.S., once an inventor discloses his invention, he has one year to file a formal patent application to protect the IP behind the invention. Six months is a reasonable time to prepare and file a provisional application to hold one's place in line while the utility application is filed. In many jurisdictions, disclosure or publication will render the Invention no longer novel, thus making it ineligible for patent protection. [56] This time period can be adjusted, depending on the type of technology being licensed. [57] This provision is similar to that in 6.3; it contemplates the procedure to follow in the event the Company does not exercise the option to license exclusively. [58] As opposed to 6.3, from the Recipient's perspective this provision unduly restricts the Recipient from obtaining more favorable terms from a third party licensee unless and until the Company has been offered those same terms and Company has refused, because by this time the Company has already either (i) failed to timely exercise the option for an exclusive license or (ii) failed to reach an agreement for an exclusive license. I can understand this provision being somewhat reasonable for the

	jointly owned IP, but not for the IP that solely belongs to the Recipient. [59] As above.
6.5 Recipient represents that all employees and researchers performing work pursuant to this Agreement have executed agreements assigning any Intellectual Property Rights to Recipient.[60]	[60] A breach of this warranty would trigger indemnification rights in the event of a third party IP infringement claim. This representation is important to ensure that, as between the parties, all of the IP of the Recipient really is in fact that of the Recipient. This is especially true in the case of Inventions wherein the inventors are of multiple nationalities due to tax implications and the possibility of a non-US inventor demanding additional compensation for their particular contribution to the research project, which would not otherwise be payable here.
	COMMENTS
7. Termination.[61]	[61] This Section sets forth the procedure and timeline for terminating the Agreement, as well as the actions that the Parties must take once the relationship has ended.
7.1 At the earlier to occur of one year[62] from the Effective Date or the completion of the Purpose[63] this Agreement will terminate.	[62] The parties contemplate for the research project to be completed in one year or less. [63] Once the Purpose has been fulfilled, the reason for the existence of this Agreement no longer exists, and thus the Agreement will no longer remain in effect.
7.2 Either party may terminate this Agreement[64] (i) at any time upon thirty (30) days' prior written notice to the other party for convenience; (ii) as provided in Section 3.5 upon written notice after unauthorized use or transfer of the Compounds or Confidential Information; (iii) upon any other material breach by the other party of the terms or conditions of this Agreement, which breach cannot be, or is not, cured within fifteen (15) days after the breaching party receives written notice by the non-breaching party regarding such breach, or (iv) with immediate effect upon the other party becoming insolvent or bankrupt or making an assignment for the benefit of its creditors, upon appointment of a trustee or receiver for the other party or all or substantially all of its property, or upon the filing of a voluntary or involuntary petition by or against the other party under any bankruptcy or insolvency law, the reorganization or rearrangement provisions of the United States Bankruptcy Code, or any similar law.	[64] This provision sets forth the reasons for which both Recipient and Company may terminate the Agreement. Often in MTAs, companies successfully negotiate a unilateral right of termination, such that Recipients have no right to terminate unilaterally. [65] Section 3.5 provides for termination with immediate effect for breach of confidentiality.
7.3 Upon expiration or earlier termination of this Agreement, Recipient at the direction of Company[66] shall promptly destroy or return[67] (a) all Compounds (unless instructed by Company in writing to assign Compounds to a different protocol or study), (b) all copies of Company Confidential Information (except that Recipient may retain	[66] Because Company owns the Confidential Information furnished under this Agreement, it gets to determine whether its Confidential Information is returned or destroyed by the Recipient.

one (1) copy of Company Confidential Information received hereunder in the possession of its legal counsel, solely for monitoring its obligations under this Agreement), and (c) any other plans, drawings, papers, and other documents, samples, biological materials and models pertaining to the subject matter hereof. The obligation to return Confidential Information shall survive after termination of this Agreement until this obligation is fulfilled.[68]	[67] Whether a particular item is returned or destroyed will depend on what the item furnished to Recipient is and the risk to Company for having the Recipient return the item or destroying it. [68] It is also common to see a disclosing party to require the written certification of Confidential Information being returned or destroyed by the recipient.
	COMMENTS
8. No Warranties.	
The Compounds are the subject of patents and/or patent applications owned by Company. Because the use of the Compounds and combinations thereof are experimental in nature, THEY ARE PROVIDED TO RECIPIENT AS IS WITHOUT ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. COMPANY MAKES NO REPRESENTATION THAT THE USE OF THE MATERIAL(S) WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER PROPRIETARY RIGHTS OF ANY THRD PARTY. In no event shall Company be liable for any use of the Compounds by Recipient, including loss of profits or other direct or indirect damages.[69] Recipient hereby agrees to defend, indemnify and hold Company harmless from any loss, claim, damage, or liability which may arise from Recipient's use, storage and disposal of the Compounds in a manner inconsistent with this Agreement,[70] except[71] to the extent such loss, claim, damage or liability is the direct result of Company's negligence or legal wrongdoing[72].	[69] This provision is likely to trigger pushback from the Recipient, particularly with respect to third party infringement claims. If the Recipient is using the Compounds in compliance with the terms of the licenses evidenced by this Agreement, the Recipient should not have to bear all the responsibility for using the compounds that Company has provided for Recipient to study and create a report that is work for hire. [70] It is expected that when a recipient receives Compounds and Confidential Information, the recipient is responsible for what happens to such information and material while in possession and care of the Recipient. [71] The Recipient will also expect to have exceptions to its indemnification obligations on grounds of negligence or willful misconduct. [72] It is important to understand the difference between "legal wrongdoing" as opposed to "willful misconduct". "Legal wrongdoing" seems vague, but, unlike "willful misconduct", "legal wrongdoing" does not require intent. Therefore, legal wrongdoing" would protect Recipient from a third party infringement claim. As the term, "legal wrongdoing" is vague, a good alternative for this kind of clause is "gross negligence", but it is often used in conjunction with "willful misconduct".
	COMMENTS
9. Failure to Comply	
9.1 In the event that Recipient fails to comply with the restrictions set forth in this Agreement governing the use of the Compounds or the Confidential Information, in addition to any other remedies that Company may have at law or in equity or by contract,	[73] This Section contemplates for Recipient to assign any new IP that arises out of the unauthorized use of the Compounds or the Confidential Information of the Company, because such unauthorized use can cause

Recipient agrees to assign to Company all of Recipient's right, title, and interest, if any, to any and all information, results, Data, Compounds and Inventions, arising from the prohibited use of the Compounds or the Confidential Information.[73]	incalculable and irreparable harm to Company. Thus, in addition to injunctive relief and seeking damages, a pre-emptive assignment such as this helps the Company to regain control over the domino effect that a breach by Recipient could trigger from the unauthorized use of the assets it entrusted to the Recipient. It is also possible that the Recipient may push back against this kind of provision, because there are already provisions for injunctive relief, damages without limitation, and indemnification obligations.
	COMMENTS
10. Irreparable Harm	
10.1 Recipient further acknowledges that, were Recipient to breach any of the covenants or restraints in Sections 3, 4 or 6, the damage to Company will be irreparable and Company will not have an adequate remedy at law[74]. Company therefore will be entitled to an injunction enforcing those covenants and restraints in the event of a breach and to its costs and attorneys' fees in obtaining such relief[75].	[74] A breach by Recipient of Section 3, 4, or 6 can trigger a domino effect from the loss, disclosure, or misuse of Company's intellectual property that cannot be reversed and for damages which may not be able to be measured. In some rare circumstances, such damages may conceivably be measured. [75] The injunction would serve as a (hopefully) successful means to stop the further disclosure or misuse of the Company's Confidential Information or Compounds by the Recipient, and it is reasonable for Company to seek recovery for the costs and attorney's fees associated with seeking such injunction.
	COMMENTS
11. Miscellaneous.	
11.1 Any notice, report, update, approval or consent under this Agreement will be in writing, and will be deemed given (a) when delivered personally or transmitted by facsimile (with transmission confirmed), (b) three (3) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (c) one (1) day after deposit with a commercial express courier specifying next day delivery, with written verification or receipt. All such communications will be sent to the address set forth below or such other address as either party may designate from time to time in accordance with this Section 11.1:	
If to Company: _____ _____ _____ Fax: _____ Attn: _____	
If to Recipient: _____ _____ _____ Fax: _____ Attn: _____	

11.2 This Agreement will be governed by and construed according to the internal laws of the Commonwealth [or State] of [insert jurisdiction of choice], without regard to the conflicts of law principles[76]. Recipient hereby expressly consents to the personal jurisdiction[77] of the state and federal courts located in [insert jurisdiction of choice][78] for any lawsuit filed in such court against Recipient by Company arising from or relating to this Agreement.	[76] Excluding conflicts of law rules by contract avoids having to undergo the additional exercise of determining which law applies. [77] A court can assert personal jurisdiction over a defendant if there has been express consent. Defendants often move to dismiss a complaint on procedural grounds, with lack of personal jurisdiction being one of them. [78] Company needs to be careful here to make sure that venue is appropriate so that Defendant cannot move to dismiss for improper venue. In selecting a jurisdiction for MTAs, Companies must balance which state courts have favorably treated IP, e.g., Delaware, versus states in which the Company has sufficient contacts to survive a recipient's potential future challenge of improper venue.
11.3 This Agreement (including the CDA incorporated hereto)[79], together with all of the attachments and the exhibits hereto sets forth the final, complete and exclusive agreement and understanding between Company and Recipient[80] relating to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements relating to its subject matter[81]. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by each of the parties hereto. No waiver by Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by Company of any right under this Agreement shall be construed as a waiver of any other right. Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.	[79] Delete this parenthetical if there is no existing confidentiality agreement with the Recipient. If there is no CDA, 3.1 also needs to be amended. [80] This provision sets forth the understanding and agreement of the parties within "the four corners" of the document. [81] This provision is the "merger clause", which will exclude any prior agreements, representations or understandings from being considered in addition to, or together with, this Agreement.
11.4 Company may assign this Agreement or any rights hereunder at its sole discretion.[82] Recipient may not assign this Agreement or any rights hereunder without the prior written consent of Company.[83] Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction[84]. Sections 3-6 and 8-11 shall survive the termination of this Agreement.	[82] This clause is important for companies to have, particularly in the context of a merger or acquisition, or any other type of legal name change or change of control. [83] The Company may restrict the Recipient from assigning because Company owns the Compounds and Confidential Information being furnished to Recipient under this Agreement. [84] The phrase "or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction" is somewhat controversial and may be deleted if not seen to be particularly important. In the context of the transaction.

IN WITNESS WHEREOF, this Agreement is executed as of the date set forth above.	
[Recipient] By: _____ Name: Title:	
[Company] By: _____ Name: Title:	

Exhibit A

[Work/Studies to be performed
Timing
Deliverables][1]

[1] Provide a detailed description of these items.