## Sponsored Research Agreement [1]

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<th>Clause</th>
<th>Annotation</th>
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<td>[1] This agreement example is preferential to the Sponsor, whereas these typically favor the University, like a CRADA (a cooperative research and development agreement, which is an agreement between a government agency and a private company or university to work together on research and development.) Here, a company is paying a university or other to do research according to a Statement of Work (SOW) or research plan. The parties have to agree on how that research is conducted and who owns and controls the resulting IP, etc. Note that the researcher does not have to be a university and that it could be any other type of entity that provides contract research services. It should also be pointed out that in deals where the University, not the Sponsor, is favored, many terms would be different as the university would own the IP resulting from the research and grant only certain rights to the Sponsor. Also note that this agreement has some security-based clauses included, which may not always be the case. When included, it may be that the agreement is used for the development of US government secret/classified materials.</td>
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| THIS Agreement, made as of , (“Effective Date”) by and between ("Sponsor") and ___("University"), at ___(each a “Party” and collectively the “Parties”[2]). | [2] Parties may need to include affiliates of Sponsor and other organization of the University to protect proper flow of IP asset title. |

### Recitals:

A. This Agreement concerns a research program that is directed to improvement and/or proof-of-concept of one or more known technologies specified in Appendix D to this Agreement [3].

B. The Principal Investigator of the Project (as defined below) and Sponsor have determined to limit the Project to those technology improvement objectives articulated in Statement of Work (defined below). Broader research inquiry is outside of the Project and this Agreement.

C. The Project will be performed entirely without federal funding and solely in University facilities that are eligible for the Project.[4]

D. The Project’s objectives are of mutual interest and benefit to University and to Sponsor and will further the instructional and research objectives of University in a manner consistent with its status as a non-profit, tax-exempt, educational institution, by contributing to the advancement of knowledge and University’s land-grant mission.

Intending to be contractually bound[5], the Parties promise and agree as follows:

[3] Simplified recitals are often preferred to avoid unintentionally creating ambiguous interpretations of the agreement. For example, state only that the Sponsor is interested in certain research and that the University is interested in performing the research under the terms of the Agreement. Also consider stating both the purpose and subject matter in the recitals instead of nesting in the Appendices.

[4] Often recitals will include statements of intention but they are typically not enforceable. Consequently, any material terms need to be included in the body of the agreement. For example, see Section C which addresses federal funding.

[5] While consideration may be inherent from the terms of the agreement themselves, some may argue that the parties must agree and recognize that the consideration is sufficient for the contract to be valid. Adding “in consideration of the foregoing and in further consideration of the covenants and promises set forth herein, the sufficiency of which is hereby acknowledged,” is one way to do so.
Article 1 - Definitions

As used in this Agreement, the following terms will have the following meanings:

1.1 “Background Intellectual Property” means Intellectual Property that predates the commencement of the Project and is identified in the SOW [6].

1.2 “Claims” is defined in section 12.1.

1.3 “Confidential Information” includes nonpublic information related to the business of Sponsor or its affiliates that University or any University Personnel learn in their performance of the Project and information that Sponsor designates as confidential or that University or any University Personnel knows or has reason to know is confidential, proprietary, or trade secret [7] information of Sponsor or its affiliates. The following is an illustrative list of what Sponsor has designated as Confidential Information: the terms of this Agreement, the content of the SOW, the Project description in Appendix D, the Project IP, information about intellectual property assets owned or managed by Sponsor, Sponsor’s and its affiliates’ business policies and practices, Sponsor’s and its affiliates’ business relationships with others, and Sponsor’s or its affiliates’ financial information [8].

1.4 “Deliverable(s)” means the deliverables specified in the SOW.

1.5 “Export Control Laws” is defined in Section 13.1.

1.6 “Indemnitee” is defined in Section 12.3.

1.7 “Intellectual Property” means patentable and/or copyrightable works, designs, processes, specifications, data, tangible research materials, analyses, reports, inventions, discoveries and any other proprietary rights [9].

1.8 “Joint Intellectual Property” means Intellectual Property jointly conceived, generated, reduced to practice or refined by one or more University Personnel and one or more personnel of Sponsor in the direct performance of the Project [10].

1.9 “NDA” is defined in Section 3.2(c).

1.10 “Project” means the research plan described in Appendix D, attached hereto and made a part hereof, under the direction of Professor ______ as “Principal Investigator [11].”

[6] Since the Sponsor will own IP created during the course of the Project, the parties will need some way to distinguish between pre-existing IP assets and those created pursuant to the Project. An explicit recitation of Background IP, if identifiable, can assist in this effort. If the University retains an ownership interest or the SOW will require access to the Sponsor’s IP, it may be advantageous to define each party’s IP separately. For larger institutions, particularly universities, that may have independent research or development projects relating to the same subject matter, it is often quite burdensome or even impractical to separately identify IP that may be used in the Project but not developed pursuant to the Project and consequently such institutions may want to shield that IP from the terms of the SRA without the need to specifically identifying such IP.

[7] Use of trade secret info to complete SOW may justify use of Sponsor facilities and only one or two Principal Investigators for some phases of the plan. Likely sharing of trade secrets may also justify separate definition or listing in an appendix to avoid improper treatment or disclosure. Also “has reason to know” is often unclear to the parties once they begin operating under the agreement. Parties who seek more clarity should require all confidential information (“CI”) be labeled and any oral communications that are confidential be reduced to writing and labeled. A compromise position can be included where all CI is labeled but the parties agree up front that certain information and materials (such as the list here) is CI irrespective of whether or not it is labeled.

[8] A counter party is more likely to insist on mutual confidentiality, particularly relating to Background IP that will not be assigned or accessible to the Sponsor after completion of the Project. In that case, a labeling requirement might help limit the universe of information to that necessary to complete the SOW. Also, the University policy may require disclosure of the existence of agreement, the sponsor, and the general subject matter of the project – this should be drafted to be consistent with Article 5.

[9] Alternatively, Intellectual Property can be defined to include assets such as the ones listed here as well as the corresponding legal protections associated with such assets, e.g., patent, copyright, or otherwise.

[10] Confirm no affiliates or agents of Sponsor will be working on the Project. Alternatively, define Sponsor to include relevant affiliates.
1.11 “Project IP” means University Intellectual Property, the contribution of University Personnel to Joint Intellectual Property, the Deliverables and the corresponding legal protections, whether by patent, copyright, or otherwise. Background Intellectual Property identified in the SOW is excluded from the definition of Project IP [12].

1.12 “Project IP Fee” is defined in Section 4.1 [13].

1.13 “Project Period” means the Effective Date through October 1, 2014.

1.14 “University Indemnified Parties” is defined in Section 12.1.

1.15 “University Intellectual Property” means Intellectual Property conceived, generated, reduced to practice or refined solely by University Personnel in the direct performance of the Project.[14]

1.16 “University Personnel” means any individuals including the Principal Investigator [15], that University or the Principal Investigator assigns to work on the Project including without limitation University fellows, students, technicians, and scientists.

1.17 “SOW” means the Statement of Work set forth in Appendix A.

1.18 “Sponsor Indemnified Parties” is defined in Section 12.2.

1.19 “Sponsor Intellectual Property” means Intellectual Property possessed by Sponsor prior to or independent from any participation in the Project.

1.20 “Third Party Materials” is defined in Section 12.4(d).

[11] A SOW in this agreement acts as a summary of the research plan to define Deliverables, schedule, payment, and acceptance criteria. University may want to consolidate Project Plan & SOW into a single Appendix, so that scope of Project IP is more limited and there are no perceived inconsistencies between them.

[12] Since the Sponsor takes no license to Background IP, the Sponsor will want to make sure it is aware of any University Background IP that is required for the intended use of the Deliverables (or Project IP). A Sponsor may also want to pre-negotiate the right to use any Background IP that is needed to make, use, etc. the Deliverables or Project IP to avoid over aggressive terms after the Deliverables and/or Project IP are demonstrated to have value. A university is likely to contend for the inverse of the last clause—exclusion of all background IP that might be necessary to enjoy the benefits of Project IP whether or not disclosed in an attachment or otherwise; see note 6 above. Sponsor may also need to offer additional compensation for access to background rights.

[13] The Project may not lend itself to consideration of IP specific fees, be they upfront or royalty. Sponsor and University may want to evaluate Deliverables before agreeing on IP fees, allowing the parties to assess the value of the Project IP developed and each party’s respective contributions to the perceived value. It would be useful, however, to provide objective parameters for key obligations so that need for access cannot unjustly exploited. If that is not possible, one could make disagreements about such terms subject to binding arbitration.

[14] The inclusion of “conceived, reduced to practice or refined” in the definition of University IP may be problematic for a University or other institution with multiple SRAs and/or personnel to the same or similar field. For example, an idea may be conceived or reduced to practice under one SRA and refined under another, leaving all parties with contradictory assignment obligations. Careful definition and identification of Background IP may help, but any concerns should be addressed as early as possible in the negotiation of the SRA.

[15] An example of who the Principal Investigator can be is the research division of company or lab at university or an individual faculty member leading the project.

[16] Sec 2.1 is a way to get the University to commit to a standard of quality in performing under the SRA. Most sponsors would insist on some level of quality, timeliness, and an acceptance process to rely upon if the sponsor finds the Deliverables unacceptable.

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Article 2 - Research Work

2.1 University will use reasonable efforts to perform the research plan substantially in accordance with the...
2.2 University will provide advance written notice to Sponsor of any University Personnel that University plans to use or otherwise engage in connection with the Project or the development of the Deliverables. Sponsor will advise University within thirty (30) days of such notice if an NDA pursuant to Section 3.2(c) is required [17].

2.2 University will provide advance written notice to Sponsor of any University Personnel that University plans to use or otherwise engage in connection with the Project or the development of the Deliverables. Sponsor will advise University within thirty (30) days of such notice if an NDA pursuant to Section 3.2(c) is required [17].

The Sponsor may want to ensure that those working on the Project, especially if the fees cover their time, are indeed qualified to perform the level of research expected. The Sponsor may also want to know that all personnel are bound to maintain the CI in confidence and assign IP to the University, are not foreign nationals in the case of export-controlled technology, and have the appropriate level of security clearance, if applicable. But, in most cases, the Sponsor should not be the one responsible for determining who needs to be under a NDA. For projects likely to require only a few University personnel, however, it might be administratively simpler to require everyone to sign an NDA before working on the project.

Article 3 – Deliverables ; Conferences; Confidentiality

3.1 The Deliverables, including the final report, will be submitted by University, through the Principal Investigator for the Project, prior to the termination of the Project Period [18].

3.2 Confidential Information.

(a) University and all University Personnel shall:
(1) hold in strictest confidence and only use Confidential Information either for the purposes of carrying out the SOW or for other purposes as Sponsor may specifically authorize in writing (the “Permitted Purposes”),
(2) take all necessary precautions and measures to maintain the confidentiality of the Confidential Information, and
(3) return Confidential Information to Sponsor upon request.

(b) Neither University nor any University Personnel shall:
(1) reproduce or copy Confidential Information without Sponsor’s prior written approval, except as necessary for the Permitted Purpose;
(2) disclose Confidential Information to any person or entity except Sponsor’s authorized recipients or to University Personnel who have a need to know the information for purposes of this Agreement and have a legal obligation in writing to maintain the confidentiality of the Confidential Information[19]; or
(3) remove, obscure, or alter any notice of patent, copyright, trademark, trade secret, or other intellectual property from any

[17] The Sponsor may want to ensure that those working on the Project, especially if the fees cover their time, are indeed qualified to perform the level of research expected. The Sponsor may also want to know that all personnel are bound to maintain the CI in confidence and assign IP to the University, are not foreign nationals in the case of export-controlled technology, and have the appropriate level of security clearance, if applicable. But, in most cases, the Sponsor should not be the one responsible for determining who needs to be under a NDA. For projects likely to require only a few University personnel, however, it might be administratively simpler to require everyone to sign an NDA before working on the project.

[18] Periodic Deliverables can be used to guard against disconnect in desired Project outcomes and to condition payment of project funds. See note 24 for further discussion.

[19] This requirement should mitigate risks that CI is disclosed to individuals who should not have access to it and/or do not have to maintain it in confidence. Section 2.2 acts as a belt and suspenders to provide the Sponsor with additional control and is probably only needed when the research involves particularly sensitive information.

[20] This, along with the entirety of Section 3, is likely to contradict university policies on publication of research. If
University insists on a right to publish on developments relating to the Project, Sponsor will usually have a limited period (e.g., 30 days) to review any publication and request removal of any confidential information or information that may form the basis for a patent application. On the other hand, this Section 3 may be tenable if Sponsor is simply renting time on University equipment or paying for other work for which non-publication does not interfere with the University’s mission.

[21] Principal Investigator may be asked to sign a different agreement than students or other University personnel. The need to ensure that each member of the team working on the Project signs a separate NDA with the Sponsor directly is unusual and may only be appropriate when very sensitive information is involved.

[22] The provision does not contemplate an exception for independent development, though the University might be expected to seek this type of protection.

[23] The University may want to allow for counsel to retain copies to judge compliance and IP ownership after the conclusion of the project. The Sponsor may also want additional specificity on where the documents are stored and who retains right to access, especially if the University (or other party) has interactions with third parties in the field of Sponsor interest.

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<th>Article 4 - Costs and Payments</th>
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<td>4.1 Sponsor shall pay University as compensation for performance of the Project (“Project Costs”) plus as a one-time, non-refundable fee for Sponsor’s receipt of Deliverables and title to the Project IP (“Project IP Fee”). Together Projects Costs and the Project IP Fee shall constitute the Total Project Cost to Sponsor and shall be due and payable by Sponsor according to the schedule set forth in Appendix A. [24]</td>
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[24] Depending on the likely duration of the project, Sponsor may want to tie compensation to two or more phases of Deliverables and strictly defined acceptance criteria for those Deliverables. That approach may allow the Sponsor to release project funds on completion of a particular phase rather than entirely upfront or at project completion. Appendix A should reflect the desired staging. The Project IP fee may be similarly staged. For instance, the Project IP could be paid in two installments: completion of the Deliverables and perfected assignment of all Project IP.
4.2 University shall retain title to any equipment purchased with funds provided by Sponsor under this Agreement [25].

4.3 In the event of termination of this Agreement in accordance with Article 8.2 before expiration of the Project Period, Sponsor will pay all reasonable out-of-pocket expenses accrued by University as of the date of termination, including non-cancellable obligations [26].

4.4 University will not be obligated to spend any funds on this Project other than those provided by Sponsor under this Article 4 [27].

4.5 University may charge interest at the rate of percent (___%) per annum on any amounts owed under this Agreement that are not paid in full by the due date. Said interest will begin no earlier than the day after the due date and continue until the amount owed is paid in full. In collection of any indebtedness owed University, University shall be entitled to all additional costs referenced in [relevant state code], as from time to time amended or recodified. Expenses associated with collection of indebtedness by means of the [state] state tax set off program shall be added to the indebtedness. Any judgment entered shall be without relief from valuation and appraisement laws. All returned checks, drafts, or orders are subject to a service charge not exceeding the maximum allowed by law.

4.6 University shall pay all applicable premiums and taxes in connection with the services it provides under this Agreement, including without limitation, self-employment taxes, workers compensation premiums, and unemployment security premiums. At Sponsor’s request, University shall provide Sponsor with documentation evidencing its compliance with this provision.

4.7 Notwithstanding anything to the contrary in this Agreement, Sponsor is not obligated to pay any amounts accrued under this Agreement if University has not met the requirements set forth in the SOW, the Project proposal [28], including any changes to the foregoing as mutually agreed upon by the Parties in writing, or other requirements as may be agreed upon by the Parties and confirmed in writing [29]. Sponsor will notify University of any disputed charge under this Section 4.7 within thirty (30) days of Sponsor’s receipt of the relevant invoice and provide Sponsor’s reasons for disputing the charge. The Parties will cooperate in good faith to resolve any such dispute within ten (10) days from Sponsor’s notification of a disputed charge and will escalate any such dispute to their respective senior management if they are unable to resolve the dispute in such ten-day period [30].

25) Consider whether equipment will be purchased for the Project, and whether Sponsor may want ownership of equipment purchased with its funds. Importantly, some equipment such as computers with licensed code may need to be transferred to the Sponsor upon completion of the project so that the Sponsor may make use of the deliverables.

26) Sponsor may also require University to stop incurring expenses and take proactive steps to exit certain obligations.

27) The point of this provision is to ensure that the University does not incur any costs not covered by the Sponsor. If the University has performed in accordance with the agreement but the agreement is nonetheless terminated early, language could be additionally clarified to state that, in such circumstances, all accrued expenses will be reimbursed as well as any expenses incurred during a reasonable wind-down period to allow the University to shift researchers onto other projects.

28) It is helpful if specific “acceptance criteria” are included in the SOW or Project proposal. The more objective such criteria are the less likely it will be that there will be any disputes. Sponsor may also want to condition payment on compliance with the terms of the SRA (in particular, the confidentiality and IP ownership provisions)

29) This may be absent or less apparent in other agreements more favorable to the University. Nevertheless, all SRAs should address what happens if, during the course of the project, they need to make changes regarding outcomes, quality, etc.
### Article 5 - Use of Name and Marks

5.1 Sponsor shall not use the name, trade dress, or trademark of University, [Research Foundation], or of any of their respective employees, students, directors, trustees or their agents, in any publicity, advertising, or news release without the prior written approval of an authorized representative of University. Sponsor shall not under any circumstances advertise or otherwise state or imply that University, [RF] or University Personnel has tested or approved any product or process.  

5.2 University shall not use the name, trade dress, or trademark of the Sponsor, its affiliates, or of any of their respective employees, directors, officers, or agents, in any publicity, advertising, or news release without the prior written approval of an authorized representative of the Sponsor.

### Article 6 – Limitations on Disclosure and Use of Project IP and Deliverables

6.1 University Personnel shall refrain from any publication or other disclosure to any third-party of any Deliverable or Project IP or use of any Deliverable or Project IP outside of the Project, except as specifically directed or authorized in writing by Sponsor.

### Article 7 - Intellectual Property

7.1 All Project IP shall be owned by Sponsor and is hereby assigned by University to Sponsor. University agrees to ensure that University and any University Personnel will cooperate with Sponsor to perfect the foregoing assignment of Project IP.

7.2 Assignments to Sponsor for University Intellectual Property and the interests of University Personnel in Joint Intellectual Property shall be managed by University as set forth in Appendix C.

7.3 The Parties agree to take all steps necessary to cause Project IP to be administered according to the terms and conditions of this Agreement.

7.4 Sponsor shall be responsible, in its discretion and at its sole expense, to file and prosecute any patent

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[30] When substantial sums are at risk, the parties may have difficulty in separating Project IP from background rights, or there may be material disputes about inventorship, a separate dispute resolution clause may be justified, along with identification of the specific senior management responsible.

[31] A blanket prohibition may not be appropriate in cases where the Sponsor is using the Deliverables after the Project has been completed and needs to inform other parties that the Deliverables were developed by the University. Consider making use of University name contingent on successful completion of SOW, and then only as a factual statement of the source of Deliverables including data and other Project IP. The University may be amenable to this limited use so long as the Sponsor does not infer any endorsement or oversight by the University.

[32] Similarly the University may want to be able to highlight its role in the development of the Deliverables or Project IP. Factual representations that do not infer any inaccuracies, such as an ongoing relationship, further control over the IP, etc., might be acceptable to both parties.

[33] A research institution or University will likely insist on the right to publish the research findings even in situations involving sensitive information. Sponsor can then insist on period of review to identify and CI or classified information that must be removed and a delay in the event that the Sponsor wishes to file a patent application before any disclosure. Although less of a concern for most Sponsors, some Sponsors may wish to have some level of acknowledgment in the eventual publication.

[34] This structure is highly preferential to the Sponsor, as University will typically want to maintain its ownership interest in the Project IP, such that Sponsor will only acquire title to its own undivided interest in the Joint Project IP. In that case, Sponsor may seek a royalty-free, non-exclusive license from the University for limited purposes, e.g., for a trial period, with an option to change to a royalty-bearing exclusive license. If dealing with a state university, it may be advantageous to have the University own the IP and license back to Sponsor – sovereign immunity may protect at least the patent asset from an inter partes review challenge at the USPTO. University could also request a license back for research and education purpose. Depending on the Sponsor’s reasoning for proceeding under the SRA, Sponsor may want to limit the University’s ability to conduct research supporting competitors’ like technology. See reference 38 for further discussion.
or copyright registration for any Project IP. Sponsor shall in its sole discretion select the intellectual property practitioner for filing and prosecuting patent and copyright applications. Sponsor shall supply to University upon University’s request any patent or copyright application directed in any part of the Project IP to ensure conformity of the application to the scope of any assignment of Project IP by University Personnel. University, on behalf of itself, and University Personnel will cooperate with all reasonable requests made by Sponsor in connection with the filing or prosecution of any intellectual property rights in the Project IP, provided that Sponsor shall reimburse University or any University Personnel, as applicable, all reasonable out-of-pocket expenses incurred as a result of such cooperation.

[35] As currently drafted, the assignment process is clearer and subject to less risk if the University assigns all right, title and interest to the Project IP to the Sponsor and agrees to perfect that assignment using a form such as the sample included in Appendix C. Otherwise, there needs to be careful administration of the actual assignment forms.

[36] Many universities have an invention disclosure process whereby their staff, faculty and students are required to submit invention disclosure forms describing inventions conceived in accordance with the universities’ IP policies. Sponsors should consider asking that any invention disclosure forms received involving Project IP be delivered promptly to Sponsor. Irrespective of which party owns the Project IP, it is important for the parties to work out who makes decisions about filing, prosecution, maintenance and abandonment, and to what extent, if any, will the parties collaborate on those decisions. Universities that retain ownership of the Project IP will in some cases retain control over decisions but require the Sponsor to pay all expenses. Sponsors on the other hand will prefer a provision similar to Section 7.4.

Article 8 - Term and Termination

8.1 This Agreement is effective at the beginning of the Project Period and expires at the end of the Project Period, unless sooner terminated in accordance with this Agreement. The Parties hereto may extend the Term of this Agreement in writing for additional periods as desired on mutually acceptable terms and conditions.

8.2 Either Party may terminate this Agreement without cause if written notice of termination is given to the other Party at least sixty (60) days prior to the proposed termination date. Sponsor may terminate the Agreement immediately upon notice if University or any University Personnel breaches its obligations set forth in Sections 3.2 or 6.1.[37]

8.3 Termination of this Agreement by either Party for any reason will not affect the rights and obligations of the Parties accrued prior to the effective date of termination. Excepting the performance of the Project and delivery of the Deliverables, the rights and obligations of the Parties under this Agreement shall survive termination of this Agreement.

Article 9 - Independent Contractor; Future Research and Publication

9.1 In the performance of the Project hereunder:

9.1.1 The Parties are independent contractors [38].

[37] Parties may want to include a period to ‘cure’ the breach before the agreement can be terminated, assuming that it is possible to cure. In the context of a publication or disclosure of Confidential Information, the parties may define a “cure” as taking all reasonable steps to mitigate any potential harm.

[38] The parties are not agents of each other.
9.1.2 Neither Party is authorized or empowered to act as agent for the other for any purpose and shall not on behalf of the other enter into any contract, warranty, or representation as to any matter. Neither Party shall be bound by the acts or conduct of the other Party.

9.2 Sponsor agrees that neither the existence of this Agreement nor the participation of University Personnel in the Project shall operate to restrict University Personnel from participation in any research inquiry or publication that is outside of the Project and does not employ Sponsor Intellectual Property, Confidential Information, or Project IP.

[39] Many Universities and research institutions provide research services and do not want to be conflicted from collaborating with other Sponsors. As a result some universities, for example, will retain the right to use the Project IP arising from the Project in any other non-commercial research project even if the Project IP is assigned or exclusively licensed to the Sponsor. Because this agreement substantially favors the Sponsor there are no retention of rights. This provision as written, coupled with the confidentiality restrictions would make it very difficult for the Principal Investigator or University Personnel assigned to the Project to work on other projects with other sponsors in similar fields.

**Article 10 – Security Clearance Requirements**

10.1 Sponsor shall perform security clearance background checks on all its officers, agents, or employees of Sponsor assigned to have access to University’s facilities (unless such access is limited to onsite meetings requested by University).[40]

[40] If the research is classified, the facility and the personnel having access to the facility and the work product must have adequate clearances. The parties should decide which party is responsible for obtaining appropriate clearances.

**Article 11 - Notices**

11.1 Notices and communications will be addressed to the Party to receive such notice or communications at the address given below, or such other address as may hereafter be designated by notice in writing:

If to Sponsor:

If to University

**Article 12 – Indemnity; Disclaimer; Limitation of Liability**

12.1 Sponsor agrees to indemnify, hold harmless and defend University, the Trustees of University, and their respective officers, directors, trustees, employees and agents (the “University Indemnified Parties”[41]) against any and all claims, demands, actions, liability and expenses (“Claims”), related to or arising out of: (a) use by University Personnel according to Sponsor’s instructions of any equipment or materials supplied by Sponsor for use in the Project; and, (b) Sponsor’s use of any research performed pursuant to this Agreement, including but not limited to the development, testing, manufacturing, sale, disposition or use of any product, device or object that employs any Project research or relies upon any Deliverables or Project IP; unless

[41] University should have a clear understanding of who is working on project, what the roles of the Sponsor’s individuals are, how much access will they have – University might want to investigate with whom they are working. Helpful to have a clear understanding of these parties by providing a list of positions and/or names. If potential research is over a longer period of time, then parties may wish to include list of past and current people working on project, where ‘past’ would mean people working on project during the term thereof and as defined by the agreement.

[42] As drafted, it is not clear what Sponsor is delivering to the University for use in the Project and it is not clear what would be covered in “Sponsor’s use of any research performed under this Agreement.” For example, is the Sponsor delivering specific requirements, equipment or specifications? Is the
such Claims resulted from the negligent, fraudulent or willful misconduct of University or University Personnel.\[42\]

12.2 University shall indemnify, hold harmless, and defend the Sponsor, its affiliates, and their respective officers, directors, representatives and employees (“Sponsor Indemnified Parties”) against all Claims related to or arising out of (a) any failure by University or University Personnel to fully comply with the provisions of this Agreement including any representations or warranties made by University hereunder or (b) any negligent, fraudulent or willful misconduct of University or University Personnel. \[43\]

12.3 The Party seeking indemnification (the “Indemnitee”) shall give the other Party prompt written notice of any claim subject to indemnification hereunder; provided, however, the Indemnitee’s failure to promptly notify the other Party shall not affect the other Party’s obligations hereunder except to the extent that the Indemnitee’s delay prejudices the other Party’s ability to defend such claim. The Indemnitee shall have the right to defend against any such claim with counsel of its own choosing and to settle such claim as the Indemnitee deems appropriate, provided that the Indemnitee shall not enter into any settlement that adversely affects the other Party’s rights without the other Party’s prior written consent. The Indemnitee shall reasonably cooperate with the other Party in the defense and settlement of any such claim, at the other Party’s expense.

12.4 University represents and warrants that:

(a) University has the authority to enter into this Agreement and to perform all obligations under this Agreement without breaching any prior agreements University or University Personnel may have with a third party, including but not limited to any previous or current clients of University or University Personnel.

(b) That there are no limitations or restrictions on University’s or University Personnel’s ability to perform their obligations under this Agreement. University further represents and warrants that neither University nor University Personnel have any commitments to assign or disclose any Project IP to a party other than to Sponsor, including but not limited to previous or current clients of University or University Personnel. \[44\]

(c) In performing its obligations under this Agreement, University \[45\] represents and warrants on behalf of itself and all University Personnel that they will not use or disclose a third party’s confidential information to Sponsor, Sponsor’s employees, or any person or entity with whom University or University Personnel has contact in performance of the Project.

Sponsor using the Deliverables and Project IP in certain products or future studies? Because it appears that the University is conducting the research under the direction of the Sponsor, the University may insist on indemnification in the event that it is sued by a third party where the University simply followed the instructions or requirements of the Sponsor. The parties may agree as here that the indemnifying party has no obligation to indemnify if the claim arose as a result of an indemnified party’s bad acts, such as gross negligence or fraud.

\[43\] The Sponsor likewise will want to be indemnified against third party claims, for example, for certain acts where the University has breached an obligation, e.g., confidentiality, personnel assignment, security clearances and/or the University’s representations and warranties. In addition, if a third party claim is caused by a bad act of the University or its personnel, e.g., negligence or fraud, then the parties may agree that the University must indemnify the Sponsor. For example, if the University knows that someone working on the project has no obligation to assign the Project IP to the University and the University does not correct the situation or advise the Sponsor of that situation and the Sponsor is later sued by another party that claims ownership in the Project IP. Note that the Sponsor will want to require that the University defend any claim where there is an allegation of negligence or willful misconduct even before such charges are proven.

\[44\] Watch out for Bayh-Dole issues if federally funded. The Bayh-Dole Act is legislation dealing with IP arising from federal government-funded research. Prior to the Bayh-Dole Act, federal research funding contracts and grants required inventors to assign inventions they made using federal funding to the federal government. The Bayh-Dole Act changed that, permitting a university, small business, or non-profit institution to elect to pursue ownership of an invention in preference to government, but subject to a license granted to the federal government to practice or have practiced the invention for governmental purposes which makes the Project IP Rights less valuable in marketing to the government and government contractors.

\[45\] Must be clear on who has authority within the University to act, who is signing agreement, making decisions on behalf of University, who is making commitments regarding representations and warranties. For example, you will want a
(d) Neither University nor any University personnel shall knowingly incorporate into the Project IP [46] any third party’s product, software, or other materials for which the intellectual property rights are not owned solely by University (“Third Party Materials”) unless the incorporation of such Third Party Materials is approved in writing in advance by Sponsor.

(e) Neither University nor any University Personnel shall knowingly submit to Sponsor any Project IP that infringes any copyrights, trade secret, or trademark held by a third party [47].

(f) Neither University nor any University Personnel shall knowingly submit to Sponsor any Project IP that is subject to license with a third party that seeks to require Sponsor to share any Project IP with a third party.

12.5 EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES IN SECTION 12.4, UNIVERSITY MAKES NO WARRANTY OF ANY KIND TO SPONSOR. UNIVERSITY DISCLAIMS ANY AND ALL WARRANTIES BOTH EXPRESS AND IMPLIED WITH RESPECT TO: (A) ANY DELIVERABLE’S MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, AND (B) ANY DELIVERABLE’S NON-INFRINGEMENT OF ANY PATENT.

12.6 Except for breaches of Sections 3.2, 3.3, 5, 6, 7, and 12.4 the cumulative liability of either Party for any claim, demand, or action arising out of or relating to this Agreement, the Project, or the Deliverables shall not exceed the total amount paid to University hereunder. Without limiting the foregoing, in no event shall either Party be liable for any business expense; machine down time; loss of profits; any incidental, special, exemplary, or consequential damages; or any claims or demands brought against the other Party or its customers, if any, even if a Party has been advised of the possibility of such claims and demands. The foregoing limitation of liability will survive any termination of this Agreement and will apply without regard to any other provision of this Agreement that may have been breached or have been proven ineffective.[48]

[46] Since the University will indemnify the Sponsor for a breach of a representation, the parties need to be careful about any risks associated with deliverables and third party IP when they negotiate the indemnification clause. The Sponsor would like to be able to use the Deliverables and Project IP free and clear of claims from other third parties. While it may not be reasonable for the University to ensure that Deliverables will not infringe a third party’s patents or that the Project IP can be practiced without infringing a third party’s patents, the University can agree to disclose any third party materials it was aware of that was used in the Project. If known in advance, list known third party materials to avoid confusion with cross-over or tainting of IP and have it ready at the execution of the agreement.

[47] Again, Sponsors will want to know that everything they are working on is free and clear from infringement. It is not reasonable to know that the Deliverables and the Project IP are totally free and clear from patent infringement risk, and therefore, patents are expressly excluded from this clause. But the University should be able to submit that other forms of IP (e.g., Trademarks, Copyrights, trade secrets) are free and clear since the University Personnel would presumable “know” if they were using a third party’s mark, materials authored by other parties, or information disclosed under a third party NDA. Practice Tip: May consider using language such as “to the actual knowledge of the Principal Investigator” in place of ‘knowingly’ to protect the University or abide by Sponsor’s insistence on having a representation re patents.

[48] The limitation of liability is an important provision as it affects the balance of risks negotiated among the parties in connection with representations, warranties and indemnification provisions. If one party is concerned about the representations it is agreeing to, especially where it needs to indemnify the other party for a breach of a representation, it may justify such an agreement if the overall liability is low. In many cases the parties will limit liability to direct damages and eliminate liability to one another (except for indemnification) relating to any type of indirect damages. Capping the damages to the amount paid under the agreement, or to a percentage of that (lower cap) or a multiple of that (higher cap) are fairly common. This agreement is silent as to indirect damages, and expressly excludes certain breaches from the cap.
**Article 13 – Export Control**

13.1 The Parties and the rights and obligations specified in this Agreement are subject to United States laws and regulations controlling the export of goods, software, and technology, including technical data, laboratory prototypes, and other commodities, including “deemed exports,” and shall comply with all applicable laws and regulations, including the Arms Export Control Act, the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR"), and the laws and regulations implemented by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC") (collectively “Export Control Laws”). “Deemed export” means any release of technology to a foreign national within the United States. Technology is released for export when it is (i) made available to foreign nationals for visual inspection, (ii) exchanged orally, or (iii) made available by practice or application under the guidance of persons with knowledge of the technology. Diversion contrary to U.S. law is prohibited.

13.2 Notwithstanding anything to the contrary in this Agreement, if a license to export a Deliverable cannot be responsibly obtained from the concerned government agency, University’s obligations under this Agreement with respect to the Deliverable shall be limited to conform to the lack of an export license. The Parties agree that compliance with any applicable Export Control Laws which adversely affect the Project and/or any Deliverable or grant of intellectual property rights hereunder, shall not constitute a breach of this Agreement.

13.3 Neither University nor any University Personnel shall export, reexport, transfer or retransfer, directly or indirectly, any information or technology, including Confidential Information, Deliverables or any Project IP, except as permitted by such Export Control Laws.

[49] This depends on the subject matter of research exchange, so a different clause may need to be used. This is an example where the research may involve an export-controlled technology. In such cases, it is important for the parties to agree on which party is required to obtain appropriate export licenses and to ensure that the applicable party is liable for failure to comply with the export control laws.

**Article 14 - Governing Law; Jurisdiction and Venue; Severance**

14.1 This Agreement and all amendments, modifications, alterations, or supplements hereto, and the rights of the Parties hereunder, shall be construed under and governed by the laws of the State of [___] (without regard to conflict of law rules) and the United States of America. This operation of this Agreement shall at all times be subordinate to federal regulatory requirements for the conduct of research at University.
14.2 This Agreement and any subsequent modifications or amendments hereto shall be deemed to have been executed in the State of ____, U.S.A. Any justiciable dispute between University and Sponsor shall be determined solely and exclusively under the substantive law of the State of ____ by a court of competent jurisdiction in ____, except as pre-empted by or prohibited by 15 USC §1692i, as hereinafter amended from time to time, other federal statutes, or state laws and regulations, including consumer protection laws but excluding general preferred venue rules or laws.

14.3 In the event that any term or condition of this Agreement is determined to be inconsistent with any law applicable to said research or licensing, that term or condition will be modified or severed from this Agreement as necessary to ensure compliance with law and the continuation of this Agreement.

Article 15 - Assignment [50]

15.1 This Agreement will not be assigned by either Party without the prior written consent of the other Party hereto, which shall not be unreasonably withheld, provided however, that Sponsor may assign this Agreement to any Affiliate of Sponsor. An “Affiliate” for purposes of this section is an entity that (i) controls, (ii) is controlled by, or (iii) is under common control with, Sponsor. The terms “control” and “controlled” means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise.

[50] The assignment can be tailored to meet the needs or expectations of the parties. Usually the parties are prohibited from assigning without agreement from both parties, but the parties may agree on explicit exceptions. In this example, the Sponsor clearly contemplates the need to be able to transfer the Agreement to one of its affiliates. Other cases could involve situations where the Sponsor is a startup or is likely to spin out the business, and may need to pre-negotiate the right to assign the agreement upon a change of control or sale. It is important to understand what might be transferred under the agreement as well, IP, licenses, etc. and what happens during the term of the agreement, if there is a transfer. It may be useful to consider these scenarios up front while negotiating the agreement terms.

Article 16 - General

16.1 This instrument contains the entire agreement between the parties with respect to the subject matter hereof, and any prior representation, promise, agreement, or condition (whether oral or in writing) in connection therewith not incorporated herein will not be binding on either Party. No modification to the terms of this Agreement will be valid unless made in writing and signed by authorized representatives of the Parties. If work is initiated by a Purchase Order, terms of this Agreement supersede terms of Purchase Order.

16.2 This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all such counterparts when taken together will be deemed to be but one and the same instrument. Original signatures transmitted by facsimile or electronic mail will be effective to create such counterparts.
16.3 Any provision in this Agreement that is held to be invalid in any jurisdiction will be, as to that jurisdiction only, invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of those provisions in any other jurisdiction, and to this end the provisions of this Agreement will be severable.

16.4 Neither University's nor the Sponsor's failure to exercise any right under this Agreement will constitute a waiver of any term or condition of this Agreement with respect to any other preceding, concurrent, or subsequent breach, nor will it constitute a waiver by University or the Sponsor of its rights at any time thereafter to require exact and strict compliance with any of the terms of this Agreement. The rights and remedies set forth in this Agreement are in addition to any other rights or remedies which may be granted by law.

IN WITNESS WHEREOF, this Agreement has been executed in duplicate by the Parties as of the day and year first above written.

“SPONSOR”
“UNIVERSITY”

By: ____________________________
    ____________________________

Title: __________________________

Date: __________________________

APPENDIX A

PROJECT SCOPE OF WORK

I. DELIVERABLES [51]

II. MILESTONES AND PAYMENTS

| Amount in US$ | Invoice Date |
### III. BACKGROUND INTELLECTUAL PROPERTY [52] OWNED BY UNIVERSITY OR UNIVERSITY PERSONNEL

[52] Note this is not included in the definition of Project IP and is expressly excluded. The University may want to have the right to amend this Appendix to ensure that it can add any Background IP that was omitted.

### APPENDIX B

**Project Payment**

The Sponsor agrees to pay the Total Project Cost in the amount of $\ldots$ in accordance with the payment schedule set forth in the SOW. The invoices for the payment of Project will be sent to:

- Contact person:
- Address:
- Phone:
- Secondary contact:
- Email/E-Invoice:

With copy to:

Payments by Check:
Payments will be made to University and mailed to:

- University

Payments via Electronic Funds Transfer

### APPENDIX C - ASSIGNMENT

### APPENDIX D – PROJECT PROPOSAL

### APPENDIX E – FORM OF NON-DISCLOSURE AGREEMENT
APPENDIX C - ASSIGNMENT

1. I am __________________________ a citizen of [name of nation] (hereinafter “Assignor”).

2. From my research performed under funding by _____ (“Sponsor”) at University as specified in the SPONSORED RESEARCH AGREEMENT (Industry-focused) dated ______________ (“Funded Research”) I have disclosed to Sponsor the following intellectual property made, conceived, authored or created solely in the course of the Funded Research: __________________________ (hereafter, “Funded IP”).

My right, title, or interest in any intellectual property created in any part prior to or outside of the Funded Research is hereby excluded from this definition of Funded IP. To the extent that any such intellectual property was used in connection with the Funded Research, such intellectual property has been identified in writing and provided to Sponsor prior to such use.

3. I, as Assignor, do hereby sell, transfer, convey, assign and deliver unto Sponsor, as assignee, my entire right, title, and interest (including my inventorship interest, copyright authorship interest, and custodial rights) in the Funded IP (hereafter, the “Assigned Property”).

4. Subject to prior review and written authorization by University in each instance as a mandatory precondition for effectiveness, I hereby agree to execute, acknowledge, and deliver to Sponsor, at its expense, such written documents and instruments and do such other acts as may be necessary in the opinion of Sponsor to convey my right, title, and interest in the Assigned Property to Sponsor.

5. THE LAWS OF THE STATE OF _____ SHALL GOVERN THE INTERPRETATION, VALIDITY, AND EFFECT OF THIS ASSIGNMENT, WITHOUT REGARD TO THE PLACE OF MAKING OR TO THE PLACE OF PERFORMANCE.

ASSIGNOR:

________________________________________
[Name]

____________________________
DATE

AUTHORIZED AND APPROVED:

________________________________________

____________________________
DATE

COUNTY OF ______________________ )
State of ______________________ )

On this ______ day of ____________, before me a Notary Public in and for the County and State aforesaid, personally appeared [Name], to me known and known to me to be the person of that name, who signed the foregoing instrument, and acknowledged the same to be of his free act and deed.

________________________________________
Notary Public

(SEAL)

My commission Expires ____________