ALLOCATION OF RIGHTS AGREEMENT BETWEEN
[small business concern]
AND
THE PENNSYLVANIA STATE UNIVERSITY
FOR WORK RELATED TO THE
SMALL BUSINESS INNOVATIVE RESEARCH (SBIR) PROGRAM

This Agreement between ____________________________, a small business concern organized as a Corporation under the laws of the State of ____________________ and having a principal place of business at ____________________ (hereinafter referred to as "SBC") and The Pennsylvania State University through its Electro-Optics Center, a research institution having a place of business at 222 Northpointe Boulevard, Freeport, Pennsylvania (hereinafter referred to as "PSU") is entered into for the purpose of allocating between the parties certain rights relating to an SBIR Project to be carried out by ___________ and PSU (hereinafter referred to as the "PARTIES") under an SBIR funding agreement awarded by ___________________________ to ____________________ to fund a project entitled ____________________________.

1. Applicability of this Agreement.

(a) This Agreement shall be applicable only to matters relating to the SBIR project referred to in the preamble above.

(b) If a funding agreement for an SBIR project is awarded to ___________ based upon the SBIR proposal referred to in the preamble above, SBC will promptly provide a copy of such funding agreement to PSU, and ___________ will make a subaward to PSU in accordance with the funding agreement, the proposal, and this Agreement. If the terms of such funding agreement appear to be inconsistent with the provisions of this Agreement, the Parties will attempt in good faith to resolve any such inconsistencies. If a subaward is made by ___________ and accepted by PSU, this Agreement shall not be applicable to contradict the terms of such subaward or of the funding agreement awarded by DARPA to SBC except on the grounds of fraud, misrepresentation, or mistake, but shall be considered to resolve ambiguities in the terms of the subaward.

(c) The provisions of this Agreement shall apply to any and all consultants, subcontractors, independent contractors, or other individuals employed by SBC or PSU for the purposes of this SBIR Project.
2. **Background Intellectual Property.**

(a) "Background Intellectual Property" means property and the legal right therein of either or both parties developed before or independent of this Agreement including inventions, patent applications, patents, copyrights, trademarks, mask works, trade secrets and any information embodying proprietary data such as technical data and computer software.

(b) In the event one or both Parties own or otherwise control Background Intellectual Property that is necessary for the commercialization of the results of this Agreement, the Parties agree that to the extent they have the right to do so, each will extend to the other an opportunity to negotiate, in good faith and on terms that are fair and reasonable, license rights to Background Intellectual Property to the extent such background license rights are necessary to the commercialization of Agreement results. Background Intellectual Property rights are "necessary" if there is no reasonable alternative to achieve the equivalent function of the Background Intellectual Property and if utilization of such Background Intellectual Property would be infringing if licenses were not granted. In the case of Background Intellectual Property of PSU, this paragraph shall apply only to the intellectual property which has been developed, in whole or in part, by PSU's Principal Investigator and other PSU faculty, graduate students and staff participating in the Project.

3. **Project Intellectual Property.**

(a) "Project Intellectual Property" means the legal rights relating to inventions (including Subject Inventions as defined in 37 CFR § 401), patent applications, patents, copyrights, trademarks, mask works, trade secrets and any other legally protectable information, including computer software, first made or generated during the performance of this SBIR Agreement.

(b) Except as otherwise provided herein, ownership of Project Intellectual Property shall vest in the party whose personnel conceived the subject matter or first actually reduced the subject matter to practice, and such party may perfect legal protection therein in its own name and at its own expense. Jointly made or generated Project Intellectual Property shall be jointly owned by the Parties unless otherwise agreed in writing. The Parties agree to negotiate in good faith to establish percentage ownership of jointly generated Project Intellectual Property based upon the relative contribution of the Parties. The SBC shall have the first option to perfect the rights in jointly made or generated Project Intellectual Property unless otherwise agreed in writing.

(c) The Parties agree to disclose to each other, in writing, each and every Subject Invention, which may be patentable or otherwise protectable under the United States patent laws in Title 35, United States Code. The Parties acknowledge that they will disclose under confidentiality Subject Inventions to each other and the awarding agency within 1 month after their respective inventor(s) first disclose the invention in writing to the person(s) responsible for patent matters of the disclosing Party. All written disclosures of such inventions shall contain sufficient detail of
the invention, identification of any statutory bars, and shall be marked confidential, in accordance with 35 U.S.C. § 205.

(d) Each party hereto may use Project Intellectual Property of the other nonexclusively and without compensation in connection with research or development activities for this SBIR Project, including inclusion in SBIR project reports to SBC and DARPA and proposals to SBC and DARPA for continued funding of this SBIR project through additional phases.

(e) In addition to the Government's rights under the Patent Rights clause of 37 CFR § 401.14, the Parties agree that the Government shall have an irrevocable, royalty-free, nonexclusive license for any governmental purposes in any Project Intellectual Property.

(f) SBC will have an option to commercialize the Project Intellectual Property of PSU, subject to any rights of the Government therein, as follows-

(1) Where Project Intellectual Property of PSU is a potentially patentable invention, SBC will have an exclusive option to negotiate a license to such invention, for an option period of 6 months after such invention has been reported to SBC.

(2) At any time prior to the expiration or termination of an option, SBC may exercise such option by giving written notice to PSU, whereupon the parties will promptly and in good faith enter into negotiations for a license or terms and conditions to be mutually agreed upon under PSU's patent rights in the invention for SBC to make, use and/or sell products and/or services that embody, or the development, manufacture and/or use of which involves employment of the invention. Said license shall contain commercially reasonable terms and shall provide for reimbursement of PSU's costs in filing and prosecuting patent applications.

4. Confidentiality/Publication.

(a) Background Intellectual Property and Project Intellectual Property of a party, as well as other proprietary or confidential information of a party, disclosed by that party to the other in connection with this SBIR project shall be received and held in confidence by the receiving party and, except with the consent of the disclosing party or as permitted under this Agreement, neither used by the receiving party nor disclosed by the receiving party to others, provided that the disclosing party so labels such information as proprietary or confidential. All proprietary information disclosed orally shall be reduced to writing within thirty (30) days of the date of disclosure. However, these confidentiality obligations shall not apply to use or disclosure by the receiving party after such information is or becomes known to the public without breach of this provision or is or becomes known to the receiving party from a source reasonably believed to be independent of the disclosing party or is developed by or for the receiving party independently of its disclosure by the disclosing party.
(b) SBC recognizes that under PSU policy, the results of this SBIR Project must be publishable and agrees that researchers and graduate students engaged in SBIR Project shall be permitted to present at symposia, national, or regional professional meetings, and to publish in journals, theses, or dissertations, or otherwise of their own choosing, the results of SBIR Project. The subject matter of any such publication or presentation shall not contain information about the proprietary processes or methods of the SBC but shall be confined to a statement of new discoveries and interpretations of scientific fact. SBC shall be furnished copies of any proposed publication or presentation at least 60 days before submission of such proposed publication or presentation. During that time, SBC shall have the right to: (i) review the material for Proprietary Information provided by SBC and (ii) assess the patentability of any invention described in the material. If the SBC decides that a patent application should be filed, the publication or presentation shall be delayed an additional seventy-five (75) days or until a patent application is filed, whichever is sooner. At SBC's request, Proprietary Information provided by SBC shall be deleted.

5. Liability.

(a) Each party disclaims all warranties running to the other or through the other to third parties, whether express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and freedom from infringement, as to any information, result, design, prototype, product or process deriving directly or indirectly and in whole or part from such party in connection with this SBIR Project.

(b) SBC will indemnify and hold harmless PSU with regard to any claims arising in connection with commercialization of the results of this SBIR project by or under the authority of SBC. The PARTIES will indemnify and hold harmless the Government with regard to any claims arising in connection with commercialization of the results of this SBIR Project.

6. Termination.

(a) This agreement may be terminated by either Party upon 30 days written notice to the other Party. This agreement may also be terminated by either Party in the event of the failure of the other Party to comply with the terms of this agreement.

(b) In the event of termination by either Party, each Party shall be responsible for its share of the costs incurred through the effective date of termination, as well as its share of the costs incurred after the effective date of termination, and which are related to the termination. The confidentiality, use, and/or non-disclosure obligations of this agreement shall survive any termination of this agreement.
7. Entire Agreement.

Unless otherwise specified, this Agreement embodies the entire understanding between PSU and the SBC for this project, and any prior or contemporaneous representations, either oral or written are hereby superseded. No amendments or changes to this Agreement, including without limitation, changes in the statement of work, total estimated cost, and period of performance, shall be effective unless made in writing and signed by authorized representatives of the Parties.

Agreed To and Accepted

By An Authorized Official of
The Pennsylvania State University

Name: Kevin White
EOC Business Director / Associate
Title: Director, Office Sponsored Programs
Date: ____________________________

By An Authorized Official of

Name: ____________________________
Title: ____________________________
Date: ____________________________