MATTO JIAA final.doc
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[The Massachusetts Association of Technology Transfer Offices (MATTO) developed this agreement format (and the attached alternative provisions) for the management of jointly owned intellectual property in the hope that it will speed the negotiation of these agreements among its member institutions. Certain business terms (such as the allocation of revenue and expense and the method of calculating the administrative fee for the lead institution) must be negotiated on a case-by-case basis. In addition, institutional policy differences and unusual intellectual property portfolios may require modifications to certain provisions. The MATTO members recognize that this agreement format may be negotiated and modified by the institutions entering into it.]

**MATTO Joint Invention Administration Agreement format**

This Agreement is effective as of ___________________ (the “Effective Date”) by and between [among] [insert name] (“Institution One”) with offices at _____________________ and [insert name] (“Institution Two”) with offices at _____________________ (the “Parties”).

1. Background

1.1 ___________________ at Institution One and _____________________ at Institution Two have reported an invention entitled “____________ ______________________________” (the “Invention”) (Institution One Case # ____/Institution Two Case #____), further described in the disclosure/description [or patent application] attached as Appendix A.

1.2 The Parties desire that the Invention be successfully and diligently developed into a commercial product(s), process(es) and/or service(s) and used for the benefit of the public.

1.3 The Parties desire that Institution One administer their respective undivided interests in the Invention.

2. Definitions

Whenever used in this Agreement with an initial capital letter, the following terms, whether used in the singular or the plural, shall have the meanings specified below.

2.1 “Invention” means those inventions disclosed/described in Appendix A.

2.2 “Inventor(s)” means _____________________, either collectively or individually as well as any other individuals from Institution One or Institution Two determined to be an Inventor of any of the Patent Rights.
2.3 “Licensing Expenses” means those documented out-of-pocket expenses incurred by Institution One, with the written approval of Institution Two, in marketing the Patent Rights and/or for the preparation, negotiation, execution and/or enforcement of license/option agreements with respect to the Patent Rights.

2.4 ”Net Cash Revenue” means the balance of Revenue in the form of cash after deduction of any unreimbursed Patent Prosecution Expenses, any unshared Licensing Expenses and the Administrative Fee as provided in Article 5.1.

2.5 “Patent Prosecution Expenses” means all documented out-of-pocket expenses incurred by Institution One for the preparation, filing, prosecution, maintenance, defense and enforcement of Patent Rights.

2.6 “Patent Rights” means the Parties’ rights in: (a) the co-owned patents and patent applications listed in Appendix B and, in the case of U.S. provisional application(s), including the PCT application(s) and/or the U.S. utility application(s) filed by the one-year conversion date of such application(s), (b) any co-owned patent application that claims priority to and is a continuation, divisional, reissue, renewal, reexamination, substitution or extension of any patent application identified in (a), (c) any co-owned patents issuing on any of the patent applications identified in (a), (b), or (c), including any reissues, renewals, reexaminations, substitutions or extensions, (d) any claim of a co-owned continuation-in-part application that is entitled to the priority date of, and is directed to subject matter specifically described in at least one of the patents or patent applications identified in (a), (b), or (c) and any co-owned patents issuing thereon, (e) any co-owned foreign counterpart (including PCTs) of the foregoing and any co-owned patents which issue thereon. Appendix B shall be updated from time-to-time to include new Patent Rights.

Should any patent application filed on the Invention or any patent issuing thereon (which claims priority to a jointly owned patent application) no longer be co-owned (e.g., because all of the Inventors of a divisional of the parent application are from one of the Institutions), the Parties hereby agree that such patent application or patent shall remain included within this definition of Patent Rights. However, the Party owning such solely owned patent application or patent may notify the other Party that such solely owned patent application or patent shall no longer be subject to this Agreement, provided that the solely owned patent application or patent is not subject to an option or license agreement at the time of notice.

2.7 “Revenue” means anything of value received by Institution One from licensing or optioning Patent Rights [and any tangible property associated therewith, as described in Appendix C], including but not limited to license/option issue and maintenance fees, equity, minimum royalties, earned royalties, and milestone payments, but not including payments received for reimbursement of Patent Prosecution Expenses that have not previously been reimbursed by third parties or funds received for research support that is not in lieu of license/option consideration.
2.8 “Administrative Fee” means [fifteen] percent ([15]%) of cash Revenue (after any Licensing Expenses and unreimbursed Patent Prosecution Expenses have been deducted) but limited to $75,000 per year unless Institution One has unusual administrative effort (such as litigation or numerous non-exclusive or field-limited license negotiations) in which case the Parties shall negotiate an increase of that limit on the Administrative Fee. The Administrative Fee shall be the same in JIAAs between the same Parties with respect to technologies that are likely to require similar effort to commercialize irrespective of which institution is the lead.


3.1 Institution One shall have sole responsibility for filing, prosecution, and maintenance of Patent Rights. Institution Two shall be provided all serial numbers and filing dates as well as copies of all applications, issued patents, and patent prosecution actions, responses and other communications with U.S. and foreign patent offices. These copies shall be provided promptly so that Institution Two will have an opportunity to comment. Institution One will seriously consider such comments and will work diligently with Institution Two to obtain a patent(s) on behalf of the Parties.

3.2 The Parties shall share Patent Prosecution Expenses as follows: _____ percent (___%) by Institution One and _____ percent (___%) by Institution Two. Institution One shall submit to Institution Two itemized invoices for its share of Patent Prosecution Expenses on a quarterly [monthly] basis and Institution Two shall make payment to Institution One within sixty (60) days of the invoice date. Institution Two shall notify Institution One of any errors or discrepancies in the Patent Prosecution Expenses within sixty (60) days of the invoice date. Payment for the contested item(s) may be delayed pending resolution of such errors or discrepancies. Alternatively, the Parties may agree to have patent counsel invoice each institution directly for its share of Patent Prosecution Expenses.

3.3 If total Patent Prosecution Expenses incurred by Institution One prior to notification of Institution Two that it is/will be a co-owner of Patent Rights exceed $20,000, Institution Two may decline to pay its share of the excess and Institution One will then reimburse itself from Revenue if such excess is not reimbursed by a licensee.

3.4 In instances where there is no commitment from a licensee to reimburse Patent Prosecution Expenses, Institution One shall consult with Institution Two regarding foreign filings in order to determine in which countries/regions to file at shared expense. In addition, either Party may file, at its own expense, in other countries/regions. If a Party does so, those filings and any resulting patents shall remain part of Patent Rights and the non-filing Party hereby relinquishes any right to Revenues resulting from those Patent Rights, except that all Inventors (including
those from the non-filing Party) shall receive a share of the inventors’ share according to the filing Party’s policy under conditions that are mutually agreeable to the Parties. Upon request of either Party, those funds shall be provided to the non-filing Party and it will pay its Inventors directly. In any event, the non-filing Party shall retain the right to practice under these patent applications and patents for research, educational and scholarly purposes. The filing Party shall be reimbursed for its Patent Prosecution Expenses from Revenue unless reimbursed by the licensee.

3.5 Institution One shall not abandon the prosecution of any patent application (except in favor of a continuation, continuation-in-part, or utility application that is jointly owned by the Parties and except for filings Institution Two has declined to support under Section 3.4) without notifying Institution Two at least thirty (30) days in advance of any applicable deadline and allowing Institution Two the opportunity to prosecute such application at its sole expense. Any such patent application which Institution Two elects to prosecute and any patents resulting therefrom shall remain a part of Patent Rights under this Agreement and shall be included in any licenses granted by Institution One. Institution Two shall be reimbursed for its Patent Prosecution Expenses from Revenue from such licenses unless reimbursed by the licensee.

3.6 If Institution One anticipates the possibility of any extraordinary expenses arising from the preparation, filing, prosecution, defense or enforcement of the Patent Rights that a licensee is not obligated to reimburse, Institution One shall make reasonable efforts to inform Institution Two so that the Parties can discuss and agree upon a mutually acceptable course of action prior to incurring those expenses.

3.7 The Parties shall cooperate fully regarding patent filing, prosecution, maintenance, defense and enforcement of Patent Rights. Each Party shall be responsible for obtaining the cooperation of its Inventors. In the case of potential infringement or other potentially significant legal proceedings, the Parties agree to discuss the situation and determine how best to proceed, subject to the rights granted in any license/option agreements.

3.8 Inventors shall assign their rights in Patent Rights to their respective institutions and the Parties agree to diligently seek such assignments from their Inventors in a timely manner. Should it be determined that any Inventor is not actually an inventor under patent law, the Parties will amend this Agreement to remove such person from the list of Inventors. If it is subsequently determined that an additional inventor exists, the Parties will amend this Agreement to add such person to the list of Inventors. If any such removal or addition of Inventors results in a significant change in the contributions of the Parties to the Patent Rights, the Parties shall negotiate in good faith to amend the future Revenue and Patent Prosecution Expense allocation provisions of this Agreement to more accurately reflect the contribution of each Party to the Patent Rights.
3.9 The Parties will each assume responsibility for reporting the Invention to government and other research sponsors as may be required. Upon request, each Party will provide copies of these reports to the other Party.

3.10 Neither Party makes any representations or grants any warranties to the other Party regarding the scope or enforceability of any patents that might issue or that any patents will issue within the Patent Rights.

3.11 The technology transfer office of each Party agrees that it will, to the extent permitted by law, use reasonable efforts to keep confidential any information or data contained in any patent application claiming the Invention until such patent application has been filed. This obligation shall not in any way restrict the Party’s faculty, staff, or students from publishing or presenting a description of the Invention, in whole or in part. If either Party’s technology transfer office becomes aware of any proposed publications or oral presentations to be made by its faculty, staff, or students which disclose the Invention prior to the filing of such patent application, that Party will use reasonable efforts to inform the relevant patent attorneys.

3.12 Each Party shall, to the extent permitted by law, keep confidential any business information (e.g., royalties, licensee business development reports, milestone payments, etc.) that result from this Agreement except that each Party may report total annual Revenue received to its research sponsors or as part of the Party’s usual reports. In the event a Party wishes to share any of this confidential information with those outside the institution, it will do so under an obligation of confidentiality.

3.13 If Institution Two fails to reimburse Institution One for Patent Prosecution Expenses within sixty (60) days of the invoice date, Institution One may give Institution Two written notice of default. If Institution Two fails to correct that default within sixty (60) days from the date of notice, Institution One may construe such default as termination on the part of Institution Two pursuant to Section 7.3 of this Agreement.

4. Licensing

4.1 Institution One shall have sole responsibility for licensing the Patent Rights and Institution Two hereby appoints Institution One as its exclusive agent to grant licenses and options under the Patent Rights. Institution One agrees to use diligent efforts to license the Patent Rights in a commercially reasonable manner and in furtherance of the public interest. The mere failure of Institution One to consummate a license(s) shall not be deemed a breach of its obligations under this Agreement.

4.2 Unless Institution Two has been informed and a mutually acceptable course of action has been agreed upon by the Parties, Institution One shall not accept or agree to
accept (a) sponsored research support from the prospective licensee related to a license of Patent Rights, or (b) any form of non-cash consideration, other than equity, as part of a license/option agreement for any of the Patent Rights, or (c) licensing any of the Patent Rights with other patent applications or patents not subject to this Agreement, or (d) committing Institution Two to any actions (such as the licensing of future improvements not included within Patent Rights) other than as specifically set forth in this Agreement.

4.3 Institution Two shall keep Institution One reasonably informed of any of its policies (including specific licensing terms) and research sponsor requirements (collectively “License Requirements”) that must be recognized in license/option agreements. As of the date of execution of this Agreement, such License Requirements are listed in Appendix D. Institution One shall keep Institution Two reasonably informed of its licensing efforts and, promptly upon notice that license negotiations are underway, Institution Two shall use reasonable efforts to inform Institution One of any changes or additions to the Licensing Requirements and these shall be incorporated into Appendix D and shall be addressed in any license/option negotiated by Institution One pursuant to this Agreement.

4.4 Institution Two shall have the right to review, comment upon, and approve a substantially final draft of any license/option agreement or amendment thereto. Such approval shall not be unreasonably withheld or delayed. Institution Two agrees that if it does not provide objections or comments within fifteen (15) business days of its receipt of the agreement, Institution Two shall be deemed to have approved it. Institution Two agrees that the only reasonable grounds for withholding approval are non-conformance of the agreement with the items listed in Appendix D and reasonable legal considerations.

4.5 If a license/option is to include equity, Institution One will consult with Institution Two regarding any requirements it may have regarding agreement language or the treatment of its share of the equity.

4.6 Any license agreement will include, among other things, the following terms: reimbursement of Patent Prosecution Expenses by the licensee (in the case of an exclusive license), diligence terms (at a minimum, in the case of an exclusive license), indemnification of the Parties by the licensee, a disclaimer of warranties on the part of the Parties, a limitation of the Parties’ liability and a prohibition against the use of the names or insignia of the Parties without the consent of the Parties. In addition, any license agreement shall stipulate that nothing in the agreement confers by estoppel, implication or otherwise, any license or right under any of the patents owned or co-owned by either of the Parties other than the Patent Rights, regardless of whether such patents are dominant or subordinate to the Patent Rights.

4.7 License agreements will expressly reserve to the Parties and other non-profit institutions the right to practice the Patent Rights for research, educational, and scholarly purposes and the right of the Parties to grant licenses under Patent Rights to
the United States Government in accordance with 35 USC 200-212 or 37 CFR 401 et seq. and applicable governmental implementing regulations. In the case of Inventions with significant medical applications, Institution One shall carefully consider its patenting and licensing strategy in an effort to enhance the availability of medical treatments within the developing world.

4.8 Institution One shall promptly provide Institution Two with copies of all signed license/option agreements and any amendments thereto.

5. Reports, payments and accounting

5.1 Revenue in the form of cash received from licensing/optioning Patent Rights shall be distributed as follows and in the order indicated:

a) Any Patent Prosecution Expenses for which the Parties have not been reimbursed by a third party and which are not being reimbursed by the licensee shall be deducted and allocated between the Parties on a pro rata basis based on the share of the Patent Prosecution Expenses paid by each Party.

b) Any Licensing Expenses (but only if they have been approved by Institution Two) incurred by Institution One shall be deducted and retained by Institution One. If Institution Two shared these expenses, the Parties shall be reimbursed on a pro rata basis based on the share of Licensing Expenses paid by each Party.

c) The Administrative Fee shall be deducted and retained by Institution One.

d) The balance (“Net Cash Revenue”) shall be split between the Parties as specified below: ________ percent (%) to Institution One and ________ percent (%) to Institution Two. (These percentages shall generally be the same as those for sharing of Patent Prosecution Expenses as specified in Article 3.2.)

e) Each Party shall distribute to its own Inventors according to its policy although the Parties shall consider alternatives should that approach result in an inequity in the division of the inventors’ share of revenues between the Inventors of Institution One and the Inventors of Institution Two.

f) The above shall be modified as required if either Party relinquishes its rights to Revenue under any patent applications or patents as provided in Article 3.

5.2 Revenue in the form of equity received from licensing/optioning Patent Rights (including if all Revenue is in the form of equity or its equivalent) shall be subject to an administrative fee as determined by the Parties and specified in Appendix E. After deducting this negotiated administrative fee, the remaining equity shall be allocated between the Parties in the same ratio as Net Cash Revenue is allocated and shall be distributed by each Party as provided by its policies. The timing of such allocation and whether Inventors receive their allocation directly from the licensee shall be as specified in Appendix E.
5.3 If reimbursement is received from a third party for Patent Prosecution Expenses which have already been partially reimbursed by Institution Two, the Parties shall each be reimbursed on a pro rata basis based on the share of Patent Prosecution Expenses paid by each Party.

5.4 Institution One shall distribute Net Cash Revenue to Institution Two concurrently with the distributions it makes for its own inventions, but in any case no later than June 30 for the preceding calendar year and/or ninety (90) days after receipt (whichever is sooner) or such other arrangement as the Parties may agree upon. With such distribution, Institution One shall provide a detailed accounting showing all Revenues received during the reporting period and all deductions therefrom.

5.5 Upon request, Institution One shall provide a report to Institution Two, no more often than annually, setting forth the status of patent prosecution, licensing and commercial development. The technology transfer office of Institution Two shall, to the extent permitted by law, maintain all such reports as confidential.

5.6 Institution One shall keep complete and accurate records of all Patent Prosecution Expenses and Licensing Expenses and of all Revenues and shall permit Institution Two to engage a certified public accountant, reasonably acceptable to Institution One, to examine its records (at a time and place mutually agreeable to the Parties) in order to verify the payments due each of the Parties under this Agreement.

6. Notices

6.1 Unless otherwise specifically provided, all notices required or permitted by this Agreement shall be in writing and may be delivered personally, or may be sent by facsimile, recognized overnight carrier, or certified mail, return receipt requested, to the following addresses, unless the Parties are subsequently notified of any change of address in accordance with this Section 6.1:

Institution One:

Institution Two:

6.2 Any notice shall be deemed to have been received as follows: (a) by personal delivery, upon receipt; (b) by facsimile, one business day after logged transmission; (c) by recognized overnight carrier, as documented by the carrier; or (d) by certified mail, as indicated by the return receipt. If notice is sent by facsimile, a confirming copy of the same shall be sent by mail to the same address.

7. Termination
7.1 This Agreement shall terminate upon the expiration or abandonment of the last patent or patent application in the Patent Rights, or upon the termination of all license agreements relating to the Invention, whichever event shall last occur, unless earlier terminated as provided below.

7.2 At any time after the third anniversary of the Effective Date, provided the Invention is not licensed or optioned or, if licensed or optioned, is not generating sufficient Revenue to fully reimburse Patent Prosecution Expenses, and as long as Institution One is not in good faith negotiations for an exclusive license or option under the Patent Rights which will fully reimburse Patent Prosecution Expenses:

(a) Institution Two may elect to assume the responsibilities of Institution One and this Agreement shall remain in force with the roles of Institution One and Institution Two reversed (however, the Parties’ shares of Patent Prosecution Expenses and of Revenue shall remain unchanged unless otherwise agreed by the Parties); or

(b) Either Party may terminate this Agreement upon sixty (60) days written notice to the other Party, but in any event not less than sixty (60) days prior to any patent prosecution deadline. Each Party shall remain responsible for its portion of Patent Prosecution Expenses incurred prior to the effective date of termination. In the event of termination under this Article 7.2(b), the Parties shall cooperate regarding, and equally share the costs relating to, the filing, prosecution, maintenance and enforcement of the Patent Rights, with each Party having an undivided interest in the Patent Rights including the right, to the extent permitted by any existing licenses/options, to grant non-exclusive licenses and retain any Revenue generated without accounting to the other Party. However, if a prospective licensee expresses interest in an exclusive license/option to one of the Parties, the other Party shall be notified so that the Parties can cooperate in negotiating such a license/option.

Any election under Article 7.2(a) or termination under Article 7.2(b) shall not affect any rights granted or obligations incurred under any existing license or option agreement.

7.3 If either Party wishes to discontinue its pursuit of the Invention and all the Patent Rights, that Party (the “Terminating Party”) may terminate this Agreement upon sixty (60) days written notice to the other Party (the “Non-terminating Party”), but in any event not less than sixty (60) days prior to the date on which any pending action needs to be taken to preserve the Patent Rights. The Terminating Party shall remain responsible for its share of Patent Prosecution Expenses incurred prior to termination. Upon termination under this Section 7.3, the Terminating Party shall have no right to license the Invention or the Patent Rights or to share in Revenue received from licensing the Invention and/or the Patent Rights. The Non-terminating Party shall administer any existing and future licenses without
accounting to the Terminating Party. However, all Inventor(s) (including those from the Terminating Party) shall receive a share of the inventors’ share of Revenue according to the Non-terminating Party’s policy under conditions that are mutually agreeable to the Parties. Upon the request of either Party, the Non-terminating Party will send those funds to the Terminating Party and it will pay its Inventors directly. Notwithstanding the above, the Terminating Party shall retain the right to practice the Invention and the Patent Rights for its research, educational and scholarly purposes and shall be entitled to be reimbursed for any unreimbursed Patent Prosecution Expenses it incurred during the term of this Agreement, but only after the Non-terminating Party has recovered its Patent Prosecution Expenses in full.

7.4 Termination of this Agreement shall not relieve any Party of any obligation or liability accrued hereunder prior to termination.

8. Miscellaneous

8.1 This Agreement may not be assigned by either Party without the written consent of the other Party, which consent will not be unreasonably delayed or denied.

8.2 This Agreement contains the entire understanding of the Parties with respect to the subject matter of this Agreement and may be amended only by mutual written agreement by the Parties.

8.3 This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts.

8.4 The provisions of this Agreement are separable and in the event that any of its provisions are determined to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions.

8.5 No waiver by either Party of any breach or default of any of the terms of this Agreement shall be deemed a waiver as to any subsequent and/or similar breach or default.

8.6 Should either Party be in material breach of this Agreement and that breach is not corrected within sixty (60) days after receipt of notice, the non-breaching Party may construe such breach as termination by the breaching Party as provided in Section 7.3.

8.7 Each Party agrees that it has not previously granted any rights to the Patent Rights to any third party (other than as required by research sponsors and as reported to the other Party).

8.8 Neither Party shall use, or grant the right to use, the name or insignia of the other Party or the name of any staff member, officer, employee or student of the other Party or any adaptation thereof in any advertising, promotional or sales literature,
publicity or in any document employed to obtain funds (except as may be required under SEC stock registration requirements) without the prior written approval of the Party or individual whose name is to be used.

8.9 This agreement relates solely to the Patent Rights and does not confer by implication, estoppel, or otherwise any license or rights under any patents of either Party other than the Patent Rights, regardless of whether such patents are dominant or subordinate to Patent Rights.

8.10 In the event of any dispute arising between the Parties in connection with this Agreement, the construction thereof, or the rights, duties or liabilities of either Party, representatives designated by each Party shall meet at a mutually agreeable location or confer by conference call within one week of a request by either Party and shall attempt to amicably resolve the dispute. If the dispute is not resolved by such efforts within thirty (30) days, the Parties shall refer the matter to non-binding mediation at a mutually agreeable location, the costs of which shall be shared equally. If the dispute is still not resolved, then the Parties may proceed to civil litigation or any other dispute resolution mechanism.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized officers or representatives.

INSTITUTION ONE

By: __________________________
Title: __________________________
Date: __________________________

INSTITUTION TWO

By: __________________________
Title: __________________________
Date: __________________________

Appendix A: Invention disclosure and/or patent application

Appendix B: List of jointly owned patent applications and list of solely owned patent applications of each Party (if any) that are included within Patent Rights

Appendix C: List/description of tangible property (if any)

Appendix D: List of Licensing Requirements (policies, including specific licensing terms, and research sponsor requirements)

Appendix E: Method and timing for distribution of equity
Alternative clauses/provisions:

Possible alternative to Article 2.6 if no patent application has been filed at the time the JIAA is signed:

“Patent Rights” means the Parties’ rights in: (a) the co-owned U.S. provisional patent application(s) to be filed by the Parties on the Invention within sixty (60) days of the execution of this Agreement or such longer period agreed upon by the Parties (the filing date and serial number of which shall be added to Appendix B), including the PCT application(s) and/or U.S. utility application(s) filed by the one-year conversion date of such application(s), (b) any co-owned patent application that claims priority to and is a continuation, divisional, reissue, renewal, reexamination, substitution or extension of any patent application identified in (a), (c) any co-owned patents issuing on any of the patent applications identified in (a) or (b), including any reissues, renewals, reexaminations, substitutions or extensions, (d) any claim of a co-owned continuation-in-part application that is entitled to the priority date of, and is directed to subject matter specifically described in at least one of the patents or patent applications identified in (a), (b), or (c) and any co-owned patents issuing thereon, (e) any co-owned foreign counterpart (including PCTs) of the foregoing and any co-owned patents which issue thereon. Appendix B shall be updated from time-to-time to include new Patent Rights.

Possible alternatives to Article 2.9:

Alternative arrangements regarding the Administrative Fee may be negotiated between the Parties, but shall be the same in JIAAs between the same Parties with respect to technologies that are likely to require similar effort to commercialize, irrespective of which institution is the lead. Some possible alternatives are the following: (a) a declining percentage as annual cash Revenue increases, e.g., [15]% until annual cash Revenue reaches $[250,000], then [10]% until annual cash Revenue reaches $[1,000,000] and then [5]% thereafter, or (b) a lower percentage on all cumulative Revenue, perhaps including equity. If several non-exclusive or field-exclusive licenses are anticipated, the annual limit on the Administrative Fee may be on a per license basis.

Possible alternative to Article 3.5:

Institution One shall not abandon the prosecution of any patent application (except in favor of a continuation, continuation-in-part, or utility application that is jointly owned by the Parties and except for filings Institution Two has declined to support under Section 3.4) without notifying Institution Two at least thirty (30) days in advance of any
applicable deadline and allowing Institution Two the opportunity to prosecute such application at its sole expense. Any such patent application which Institution Two elects to prosecute and any patents resulting therefrom shall remain a part of Patent Rights under this Agreement and shall be included in any licenses granted by Institution One. Institution Two shall be reimbursed for its Patent Prosecution Expenses from Revenue from such licenses unless reimbursed by the licensee. However, if such patent applications(s) are not subject to a license or option agreement, Institution Two may notify Institution One that it will assume responsibility for licensing such patent application and any resulting patents and such patent applications and resulting patents shall be deleted from Patent Rights. If Institution Two does so, Institution One hereby grants Institution Two an exclusive, irrevocable, sublicenseable, royalty-free, fully paid-up license to such patent applications and resulting patents. This license shall provide that Institution One’s Inventors receive a share of the inventors’ share according to Institution Two’s policy under conditions mutually agreeable to the Parties and that Institution One shall retain the right to practice under patents resulting from such patent applications for research, educational and scholarly purposes.