April 27, 1988

Dr. Robert Bender, Director
Associate Vice President for
Academic Affairs
University of Illinois
363 Administration Building
506 E. Wright Street
Urbana, IL 61801

Dear Dr. Bender:

At our recent meeting Sid Alpert indicated that we would present a proposal to continue UPI's patent management services to the University when our planned acquisition of UPI reached and appropriate stage. We have now executed a letter of intent which is intended to be concluded shortly.

We are, therefore, now able to formally propose an arrangement along the lines of the previous University of Illinois - University Patents, Inc. Servicing Agreement which will include additional very valuable services.

In exchange for a first right of refusal to the exclusive authority to license on behalf of the University the rights that the University may acquire in inventions arising from its research, we propose to provide at our expense to the University the following:

(i) The services of a professional technology transfer individual, subject only to the University paying office expenses. This individual's responsibility will include providing patent related educational services for campus Investigators, interviewing Investigators to search out new inventions and help prepare invention disclosures; providing liaison for our headquarters' personnel, making on-campus visits for Investigator interviews and licensing efforts; helping Investigators work with our electronic data base system (described below); and, generally being available to respond to technology transfer and research proposal inquiries from campus Investigators and Administrators.

(ii) Incorporation of all University technology disclosures in our electronic data base system. As described at our recent meeting, this system will enable us to widen the scope of our licensing activities, on your behalf. If you should like, the system will also enable University Investigators to solicit research funding from industry or other non-traditional funding sources. In addition, if you should like, we will promote the licensing of software and biological and engineering materials, such as monoclonal antibodies, through the data base system. These services

will be available at no cost to the University other than our normal 40% share of royalty income from licensed technologies, together with a 15% share of overhead obtained from research grants generated through the system.

(iii) The filing patent applications throughout the world for elected inventions, prosecuting the patent applications and maintaining patents issuing therefrom. In addition, we shall bear the costs of licensing and other services, except as noted above and except that foreign filing, prosecution and maintenance costs will be deductible from royalties or other income derived from elected inventions.

(iv) A six-months evaluation period from our receipt of a complete disclosure, at which time we will notify the University of election or non-election, or request an extension which will not be unreasonably withheld. Our election will require us to file a patent application for the elected invention. As to incomplete disclosures, we suggest that this be handled as set forth in Section 2.6 (a) of the University/UPI Agreement.

(v) With respect to inventions subjected to our agreement, a 40/60 division of royalty income, paying over to the University 60%. In addition, we will pay directly to your employee inventors the sum of $250 at the time a United States patent application is filed. We will distribute income to the University on a quarterly basis.

If you agree, we propose an initial term of this agreement of five years, subject to automatic one-year rollovers, or renegotiation at the end of such initial term.

We trust that the foregoing summary of terms and conditions will provide your Intellectual Property Committee with sufficient details upon which to act. Obviously, if additional information is required or you wish to discuss alternatives to our proposal we will be promptly available. Also, as noted above, the "boiler plate" provisions will be basically those as set forth in the existing University/UPI Servicing Agreement.

Finally you should know that we plan to use the same personnel as University Patents, Inc. now employs, supplemented as we discussed at our recent meeting, by additional personnel in a variety of fields. Of course, as the need arises, other USET employees with appropriate backgrounds may be employed to facilitate handling the University inventions in the most expeditious way.

If you have any questions or comments regarding the foregoing, I invite your direct inquiry to me. If you would like to have a proposed agreement for consideration now, we will be pleased to provide same. I look forward to our continuing relationships with your committee, the Intellectual Property Committee, and the University.

Sincerely,

Norman J. Latker,
Esq.

Vice President for
Legal and Technology
Affairs

NL/ac

nl003

DRAFT FOR DISCUSSION

TECHNOLOGY TRANSFER AGREEMENT
BETWEEN
UNIVERSITY SCIENCE ENGINEERING TECHNOLOGY
AND THE
SMITHSONIAN INSTITUTE

WHEREAS, the Smithsonian Institution (Smithsonian) is a national museum and research organization and is desirous of having University Science, Engineering and Technology (USET, Inc.) provide technology transfer management services in a like manner to that created by its subsidiary UTC at its client Universities;

WHEREAS, University Technology Corporation (UTC) is a technology transfer organization with a number of research Universities as clients and is desirous of working with the Smithsonian for a two year period.

WHEREAS, USET, Inc. has recently purchased UTC and is desirous of seeing this relationship in place and successful;

NOW THEREFORE, the parties agree as follows:

I. CONTRACT OBJECTIVES:

To implement the Action Plan described in Section IV below and in so doing to create, establish and implement a patent policy and program for the Smithsonian Institution.

II. RESPONSIBILITIES OF USET DURING THE AGREEMENT:

A. USET Activities

1. To serve as prime manager of the Agreement.

2. To implement the Action Plan described in Section IV below.

3. To provide services to a level of one day per month on site at the Smithsonian during the Agreement of agreed to technology manager.

4. Serve as the exclusive agent for technology transfer/licensing at the Smithsonian. In addition, subject to Smithsonian approval of all major terms and conditions, USET would negotiate and close specifically identified technology licensing/transfer agreements, collect royalties and fees from licensees for distribution to the Smithsonian Institution and monitor licensee performance on behalf of the Smithsonian. Technology transfers as used herein means licenses, sales and option.

5. To determine the need for and pay for the filing of a maximum of three U.S. patent applications per year. For further prosecution of the patent applications and cost associated with filing applications after the first three will be an additional cost paid for by the Smithsonian, if and as approved in each instance by the Smithsonian Institution.

~~6. To provide related services identified and mutually agreed to.~~

6. To provide a written report assessing the value of continuing the relationship between the parties to this Agreement at the end of each year.

~~7. To identify potential third party sources for research grants to the Smithsonian Institution.~~

How do we benefit?

B. Compensation to USET

1. USET will receive $24,000 per year to be paid annually on quarterly installment for the above services from the Smithsonian. The first payment of $6,000 shall be paid simultaneously with the signing of the Agreement. Subsequent equal payments shall be paid by the Smithsonian on August 1, November 1, 1988 and February 1, May 1, August 1, November 1, 1989 and February 1, 1990.

2.a. If USET concludes a technology transfer agreement with any third party company or individual USET will retain 50% of any compensation received by the Smithsonian for as long as such compensation is received, even after termination of the Agreement. Such compensation would normally consist of option fees, license fees and royalty payments. Administration of such funds will be by USET pursuant to Section II.A.4 above, and shall continue without additional cost for the duration of each transfer agreement.

what else

3. Upon receipt of each installment of $6.000, USET shall utilize $3,000 to fund the technology manager agreed to in paragraph II..A.3.

III. Responsibilities of the Smithsonian Institution

1. To Support actively the activities of USET and the Institution and create an environment to promote the purposes of this contract by making personnel available at suitable times.

2. To pay for the Smithsonian approved direct travel expenses of USET in cases with the Smithsonian requires them to travel outside of the Baltimore/Washington metropolitan area. Approval for such expenses will be sought in advance, subject to the usual Smithsonian Institution policies regarding such matters.

What is this?

3. To review and consider additional requests for financing to enhance the success of this contract. It is anticipated that there may be additional opportunities to increase the level of activity of this contract e.g., costs associated with a workshop/educational forum in intellectual property matters or those activities created through the Action Plan.

IV. ACTION PLAN

USET will implement an action plan for the Smithsonian. The elements of this plan include:

1. Consultation with suitable Smithsonian personnel to formulate an intellectual property policy for the Smithsonian to consider and implement, as desired. Said policy, will be comparable to in kind and quality to that implemented at other USET client Universities.

not consistent w front

meaning is not clear

2. Consultation with suitable Smithsonian personnel to identify research programs and particular research projects that have created or may create commercially viable intellectual property and inventions.

3. Create and implement a mechanism to identify and bring together individuals from UMCP and the Smithsonian Institution with mutual research interests. universities, industry

4. Undertake the identification, documentation, evaluation of commercial potential and in-depth review of particular inventions. Such cases will be passed to USET for active review and marketing as appropriate.

giving it to ourselves !!!

5. Create a suitable intellectual property education programs for the Smithsonian Institution.

V. USE OF NAMES:

Each party agrees that it will not refer to this relationship or use the name of the other parties in any manner or context whatsoever unless as part of the implementation of the specifics of this Agreement. The inclusion of the name of the Smithsonian Institution following the names of other USET client Universities in promotional material is the sole expense exception to this provision.

?

VI. DURATION:

The contract will commence on the date at which this letter agreement is signed by the last of the parties. The initial period of the Agreement is one year from commencement. This contract will automatically continue for the second year unless any party hereto notifies the other party of its desire to cancel, such notice to be given within thirty (30) days prior to the expiration of the first years's term.

VII. ENTIRE AGREEMENT

This Agreement, including Appendices A which contains a mutual Confidentiality Agreement, constitutes the entire Agreement among the parties.

VIII. KEY CONTACTS:

The following individuals will be the key contacts for their organization and will have primary responsibility for carrying out the contract.

SMITHSONIAN INSTITUTION
Peter G. Powers
General Counsel
Smithsonian Institution
Washington, DC 20560
(202) 357-2583

UNIVERSITY SCIENCE, ENGINEERING AND TECHNOLOGY
Mr. Norman J. Latker
Vice President for Legal and Technology Affairs
8000 Westpark Drive
McLean, VA 22102
(703) 821-2030

IX. GOVERNING LAW:

This Agreement shall be interpreted and enforced in accordance with the laws of the State of Maryland.

UNIVERSITY SCIENCE, ENGINEERING and TECHNOLOGY

By:_____
Dr. Lowell T. Harmison

Title: ~~Chairman of the Board,~~ President
USET, Inc.

Date:_____

SMITHSONIAN INSTITUTION

By:_____
Dean W. Anderson

Title: Under Secretary

Date:_____

If you have any questions or comments regarding the foregoing, I invite your direct inquiry to me. If you would like to have a proposed agreement for consideration now, we will be pleased to provide same. I look forward to our continuing relationships with your committee, the Intellectual Property Committee, and the University.

Sincerely,

Norman J. Latker,

Esq.

Vice President for
Legal and Technology

Affairs

NL/ac

nl003

From the desk of **Dr. Frank D. Altieri**

To: Norm, Joan + Powell

From: Frank

Enclosed is the first draft of information for a proposal letter to universities an federal laboratories. I've used excerpts from Norm's writings, UTC + UPI.

Your suggestions are requested.

Thanks

Frank

P.S. I hope to have a draft of the USET version of the UTC brochure by tomorrow or Friday, pending Allison's workload.

Information for proposal letter to universities and federal laboratories

USET, Inc.
UNIVERSITY SCIENCE, ENGINEERING AND TECHNOLOGY

The United States Government provides the university research community with approximately $60 Billion in funding each year. Recent Government policy changes and associated legislation now provide a supportive environment for the translation of technology innovation from universities and federal laboratories to the marketplace. Recent legislation now permits federally funded universities and federal laboratories to license technology on an exclusive, royalty-bearing basis. The legislation creates a powerful incentive by also requiring that part of the royalty return be shared with the inventors that produced it. In addition, due to increased global competition, corporations increasingly seek product innovations from outside their own research programs. These factors have led to the formation of USET, Inc., whose goal is to facilitate the technology transfer process.

USET, Inc. is a newly formed organization devoted to the translation of technological innovations from university and federal research laboratories to industry and the marketplace. USET is organized exclusively to serve universities, federal research laboratories and industry by providing enhanced services. USET provides technology management services to client universities and federal laboratories as its exclusive licensing representative. In this capacity USET identifies innovation by working on-site with university or federal laboratory researchers, evaluates the economic and technical merit of the new inventions, arranges for filing and prosecution of patents where appropriate, and licenses and administrates the patents. The costs attendant to these services are borne by USET, Inc.; only when revenue is produced through licensing, is USET reimbursed. This reimbursement is taken out of USET's share of royalty income.

To provide increased comprehensive services to universities, federal laboratories and industry, USET has acquired University Technology Corporation (UTC) and University Patents, Inc., two well respected technology management organization. USET has also acquired the software development team that developed "TELESCAN" a unique and well received, user friendly, interactive stock market analysis system. This group is developing an interactive technology information system which will greatly enhance the translation of innovations from the research laboratories to commercial interests.

SERVICES PROVIDED BY USET

1. Technology Management

   USET accesses the technology stream of its clients and manages their technology. This includes the identification of promising technologies, the evaluation of innovations for commercial

potential, the creation of intellectually property protection, when appropriate and the granting of licenses in the technology in return for private sector guarantees to develop, participate in or contribute resources to further development.

USET will assist the client's scientists in identifying technology with commercial potential and projects that may produce such technology. Technology and project disclosures will be personally marketed by USET staff to private sector users with predetermined technology interests with a boost from our interactive electronic technology information system.

2. Technology Information:

USET is developing a unique, comprehensive, interactive user friendly technology information system called USET I. This electronic information system will greatly enhance the marketing of technologies and innovations. This system includes not only identified technology, but projects that investigators believe may produce useful technology for which they are seeking private supplemental or alternative funding to federal funding. Special purpose modules will be designed to facilitate use of certain portions of the data base by select user groups. USET-II is a module which will permit USET's client universities to inventory and manage their technologies. USET-III is a module specifically designed for industry. USET-IV is a module developed for use by federal laboratories. USET-V is a module suitable for foundations and philanthropic organizations to manage their portfolios. When competed, USET will also provide a turnkey interactive technology management system to organizations who may wish to manage their own technology. Subscribers to the USET Technological Information system will include client universities, federal laboratories, industry and foundations.

3. Technology Development:

This activity will be aimed at identifying entrepreneurs to initiate new businesses or assist existing business with marketing products created by USET clients. USET believes that a successful new product start-up can be as rewarding as marketing arrangements limited to royalty return.

USET plans to provide consulting services to facilitate the innovation process by producing collaborative research agreements, business plans and access to patent services.

These major activities will offer clients a breadth of valuable assistance.

Benefits to Universities and Federal Laboratories

The on-going research at our universities and federal laboratories represents a tremendous potential resource, which, in the past, has remained relatively untapped. By aggressive,

decisive pursuit of technology transfer, USET increases the rate of invention disclosure and increases the number of inventions licensed. Thus, university and federal laboratory research produces not only the recognition due to publication but substantial financial returns as well.

To increase the rate of invention disclosure, USET provides a Technology Liaison Officer (TLO) to assist faculty members and researchers in documenting their inventions and protecting the university's or laboratory's rights. USET's own staff takes on the burden of invention management; that is, the marketing of inventions and the negotiating and monitoring of all agreements.

USET will incorporate all of the university and federal laboratory technologies in its electronic technology information system which will have a large industry subscription.

USET means more efficiency, greater return on investment and the assurances that the university will meet its contractual obligations relating to inventions.

Benefits to Industry

As the exclusive licensing agent for a number of universities, USET is able to provide innovative technologies covering a wide range of markets. Some examples are:

-vaccines and diagnostics
-medical devices and instruments
-pharmaceuticals, enzymes and new compounds
-engineering devices
-electronic devices
-chemical processes and new chemicals
-materials

By direct on-site collaboration with researchers at universities, hospitals, and federal laboratories, USET is a key source of intelligence relating to the most advanced technology available today.

Corporations can work with USET on a business-to-business basis. As the university's licensing agent, USET performs all negotiations between a business and the university.

USET's interactive technical information system will facilitate the matching of university and federal laboratory innovations with potentially interested industrial corporations. This powerful tool will greatly facilitate the technology transfer process.

To find out more about USET and what we have to offer, call or write:

USET, Inc.
8000 Westpark Drive
5th Floor
McLean, Virginia 22102
Telephone: (703) 821-2030
FAX No.: (703) 821-4049

MEMORANDUM

April 17, 1988

To: Dr. Lowell Harmison

From: Carl Wootten

Subj: UTC Operating Procedures and University Contracts

1. Per your directions of last night, Section I below to gives you what I feel are the advantages and disadvantages of each of our university contracts and what needs to be done to correct the disadvantages. Note that the contracts for Georgia Tech, Maryland and Connecticut are the most advantageous ones for the universities since we had to sweeten them to get the university to sign a contract based on the company being financed and formed at a later date.

2. Section II is what I consider the main points of an ideal agreement with a new university while, at the same time, being attainable as far as having the university go along with the contract.

3. Section III is a list of UTC inventions presently under negotiation with industry.

4. Section IV, as you requested, is a summary of our procedures when we approach industry with a new invention. The "closing" of the deal is similar in all cases, in that we act as the agent for the university and they are the ones who ultimately have to sign off on a deal.

Section I: Individual Contract Advantages and Disadvantages

A. Georgia Tech:

1. Advantages

a. Exclusive right to license all "technology" except for inventions originally retained by GTRC and except for software unless it is part of an invention.

b. UTC determines what patents are to be filed in the US and pays for those and the $250 honorarium to the faculty for filing a patent application. We are not responsible for any foreign patent filing or litigation costs.

c. They may not trade off research funding in lieu of an option fee so as to leave UTC out. An addition to the contract was negotiated last year that gives UTC 10% of any research money we bring to them as part of a deal.

d. GTRC is to promptly disclose all technology to UTC.

e. UTC can make recommendations to change the operation of the TLO Office, and if not accepted, can cancel the agreement.

f. Division of income is 50-50, and lasts as long as the invention brings in royalties, not just the length of the contract.

g. We have the right but not the obligation to sue infringers. If either of us sue, the cost of the suit is first deducted and any additional money is considered royalties and is shared per the agreement.

h. We have the right to use the university's name in our advertising, as long as it relates to technology transfer.

i. Schedule B. lists the divisions within Georgia Tech from which UTC gets exclusive rights, and this includes all the units listed in their brochures.

A. Georgia Tech (Continued):

2. Disadvantages

a. Hiring TLO requires GTRC approval and he is an employee of GTRC. We have recently gotten them to agree that the TLO will be our employee and that he will be physically moved out of the contracts and legal area to Atlanta Technology Development Center, which is the Georgia Tech incubator.

b. They have the right to recall inventions not under option or license after eight months. The other universities are one year, but Georgia Tech's patent policy requires only 9 months before they must return it to the inventor.

c. If UTC elects not to file, GTRC may file the application. If they do, they may either license it themselves without royalty obligation to UTC or may leave it with us, in which case patent costs are deducted before royalty sharing.

d. They have several people involved in and charging to technology transfer above and beyond what we pay for. They are therefore allowed to shift funding around to cover these other people.

e. Agreement lists duties of the TLO, among which are monthly reports to UTC, but these duties may be delegated.

f. For inventions in the backlog when we took over and which they paid for patents, cost of patents are recovered before royalties shared.

g. They had a prior agreement from 1983 with Nissho Iwai which gives them an exclusive agency right in Japan. Although the contract is unclear, I believe the intent was that NIC gets 10% of any Japanese royalties. They have never licensed anything for Georgia Tech yet and, although we tried to get the contract cancelled last year, they opted to renew it until October, 1988.

h. Georgia Tech insists on collecting royalties and distributing our share to us, which is different than the other universities.

3. Changes Needed

a. Get TLO on our payroll and moved out of contracts and legal.

b. Get an "In-Abeyance" clause in the contract that tolls the eight month time period before we have to return the invention if it is not ready to market as determined by UTC.

c. Have all patents paid for by GTRC with costs deductible from royalties before royalty sharing. Have another category where, if we pay for patents, we own it. I doubt this will be doable at GTRC.

d. As an alternate to c., if UTC elects not to file and GTRC does, we still keep it for marketing but with a deduction of patent costs per above.

e. Try again to get the Nissho Iwai contract cancelled as it relates to technology transfer.

f. Try to change where we collect and distribute funds, but believe this is not doable at Georgia Tech.

B. University of Maryland

1. Advantages

a. Exclusive right to license all technology except software not part of an invention, inventions previously submitted to Research Corp., privately sponsored research at the Engineering Research Center and inventions from units not reporting to the UMCP Chancellor.

b. Other advantages similar to GTRC above.

c. UTC collects funds and distributes to the university.

B. University of Maryland (Continued)

1. Advantages (Continued)

d. Have a year to market before returning the invention to UMCP.

e. An arrangement was negotiated last year that raises the overhead rate on contracts UTC brings in by 15%, which we receive as a finders fee. This works out to about 9+% of the overall contract.

2. Disadvantages

a. TLO is an employee of the Research Foundation, not UTC.

b. Same as A.2.c. above relating to filing applications.

c. The agreement exempts inventions coming from privately sponsored research where the sponsor insists on rights in return for the research.

3. Changes Needed

a. Get TLO on our payroll.

b. Get an "In-Abeyance" clause in the contract that tolls the one year time period before we have to return the invention if it is not ready to market as determined by UTC.

c. Have all patents paid for by UMCP with costs deductible from royalties before royalty sharing. Have another category where, if we pay for patents, we own it.

d. As an alternate to c., if UTC elects not to file and UMCP does, we still keep it for marketing but with a deduction of patent costs per above.

e. Clarify the rights from private research if the university winds up owning the invention and the sponsor doesn't license them.

C. University of Connecticut

1. Advantages

a. No exclusions from technology coming to UTC from UConn.

b. Other advantages similar to GTRC above.

c. Have a 10% piece of any new company started by the Uconn R&D Corporation (see below for explanation of R&D Corporation).

d. An agreement was worked out last year to increase overhead on research contracts which we receive as per UMCP above.

2. Disadvantages

a. TLO is an employee of the Research Foundation, not UTC.

b. Same as A.2.c. above relating to filing applications.

c. Same as B.2.c. above regarding privately sponsored research.

d. UConn had formed the R&D Corporation to manage and start up new companies based on university technology. One such company is in the formative stages now, and we will receive 10% once the start-up is complete. This does however, compete with our concept of a USET venture capital group.

3. Changes Needed

a. Get TLO on our payroll.

b. Get an "In-Abeyance" clause in the contract that tolls the one year time period before we have to return the invention if it is not ready to market as determined by UTC.

c. Have all patents paid for by UConn with costs deductible from royalties before royalty sharing. Have another category where, if we pay for the patents, we own it.

C. University of Connecticut (Continued)

3. Changes Needed (Continued)

d. As an alternate to c., if UTC elects not to file and UConn does, we still keep it for marketing but with a deduction of patent costs.

e. Clarify the rights from private research if the university winds up owning the invention and the sponsor doesn't license them.

D. Kansas State University

1. Advantages

a. Only 50% of the TLO office costs supported by UTC.

b. KSURF pays all of first year costs, and our payments are made quarterly in arrears.

c. UTC collects funds and administers agreements.

d. Although contract calls for TLO to be a KSURF employee, they have agreed that he will be a UTC employee.

e. Have one year before return of unlicensed inventions.

f. Other advantages similar to GTRC above.

g. Contract calls for additional 15% to UTC on research contracts UTC brings in with options.

h. No technology excluded from the agreement.

2. Disadvantages

a. Same as A.2.c. relating to patent filings.

b. Same as B.2.c. above regarding privately sponsored research.

3. Changes Needed

a. Get an "In-Abeyance" clause in the contract that tolls the one year time period before we have to return the invention if it is not ready to market as determined by UTC.

b. Have all patents paid for by KSURF with costs deductible from royalties before royalty sharing. Have another category where, if we pay for patents, we own it.

c. As an alternate to c., if UTC elects not to file and KSURF does, we still keep it for marketing but with a deduction of patent costs per above.

d. Clarify the rights from private research if the university winds up owning the invention and the sponsor doesn't license them.

E. University of Iowa

1. Advantages

a. UTC only pays for the TLO. All other office costs paid by UIRF.

b. Our payments are made quarterly in arrears.

c. UTC collects funds and administers agreements.

d. Have one year before return of unlicensed inventions.

e. Other advantages similar to GTRC above.

f. Contract calls for additional 15% to UTC on research contracts UTC brings in with the options.

g. Only software and one invention excluded from the agreement.

h. UTC gets 10% of any startup company as in UConn agreement.

i. Have one year before return of unlicensed inventions.

j. In-Abeyance clause already in contract.

E. University of Iowa (Continued)

2. Disadvantages

a. TLO is a UIRF employee.

b. Same as A.2.c. relating to patent filings.

c. Same as B.2.c. above regarding privately sponsored research.

d. UIRF has same rights regarding startup companies as Connecticut which may interfere with USET venture capital concept.

3. Changes Needed

a. Have all patents paid for by UIRF with costs deductible from royalties before royalty sharing. Have another category where, if we pay for patents, we own it.

b. As an alternate to c., if UTC elects not to file and KSURF does, we still keep it for marketing but with a deduction of patent costs per above.

c. Clarify the rights from private research if the university winds up owning the invention and the sponsor doesn't license them.

Section II: Elements of an Ideal Agreement

A. General Comments

The following are elements of what I think would be an ideal university agreement. It obviously does not include them paying us to do the licensing, since I don't feel this would ever sell to a major university since they have other no cost options. Unlike government laboratories, there is no driving force of public law that requires them to have a high visibility in licensing. They can meet the requirements by simply shipping off inventions as they come in to Research Corporation. Although we may get them to pay us for things like the TIC database, I doubt we'll ever get to the point of them paying us.

Likewise, I don't think we can get more than 50% of the revenue from licensing, again due to the precedent and availability of Research Corp.

B. Agreement Terms Proposed

1. The TLO is to be a USET employee, and if the campus has research of over $40 million, he should be full time.

2. The university pays for and retains title to most patents except those elected by USET, in which case we retain title and pay patent costs.

3. The university pays the office support for the TLO and ancillary costs, including such things as secretary, supplies, travel, etc.

4. Have technology defined to include biologicals, engineering materials, software programs, etc.

5. They would join the USET database, and would use it internally to track the technology stream. This part we could probably get them to pay for.

6. If the university has an arm to start new companies, get USET involved in it at the grass roots level.

7. Include provision for in-abeyance category for inventions not ready to market.

8. Try to get industry sponsored research included, but this will likely be a non-negotiable point.

9. Include a provision for a finders fee for research we bring in.

Section III: List of Inventions Under Negotiation

The following list identifies the invention by school (01,02,etc.), the year it was disclosed (87, 88 etc.) and the sequential number within that year from that university.

Invention	Title	Company
A. Georgia Tech		
01-86-017	Trimming of Semiconductors	Texas Instruments
01-86-028	Synthetic Ultramarine Blue	Ferro Corporation
01-86-027	Tactile Robotic Sensing Pad	Barry Wright
01-82-009	Utility Knife	Nuvo, Inc.
01-87-005	Antiglaucoma Drug	Ciba-Geigy
01-87-009	Broadcast Switching Network	Bell South
01-87-004	Optical Isolator	Optics for Research
01-87-007	Microfibrillated Tobacco	R. J. Reynolds
01-87-008	Precursor Chemical for MOCVD	Air Products
B. University of Maryland		
02-87-007	Chromatographic Packing	Amicon
02-87-029	IBDV Elisa Diagnostic	Select Laboratories
02-87-030	Newcastle Diagnostic	URO Diagnostics
02-88-010	New IBDV Vaccine	Intervet
02-87-014	Three Axis Gravity Gradiometer	Honeywell Space Avionics
C. University of Connecticut		
03-86-006	Penicillin Test	Hollister-Stier
03-87-032	Composite Electrode	BioAnalytical Sciences
03-86-016	Mercapoester Agents	BP America & Kendahl
D. Kansas State University		
04-64-002	Wheat Hardness Tester	Grainland & Dickey-John
04-85-002	Beta Dosimeter	Rexham
04-83-001	Formaldehyde Detector	Rexham
04-83-011	Cholesterol Esterase Inhibitor	Kodak
E. University of Iowa		
05-86-025	Axial-Torsional Extensometer	Instron
05-86-024	Antiviral Agents	Bristol Meyers

Section IV: Summary of Invention Marketing Procedures

As requested, the following is a brief description of the steps taken in the approach to industry. It assumes that, as is usually the case, no patent application has been filed and the disclosure must be under a Confidential Disclosure Agreement (CDA).

A. Pre-Marketing Steps

1. Search UTC database for companies with same keyword interest as invention. Augment with market search of other publications.
2. Cull out list of up to 15 companies that should be interested.

B. Initial Marketing

1. Contact companies by telephone to find the person responsible for the particular area of the invention

Section IV (Continued)

B. Initial Marketing (Continued)

2. Explain the invention in a non-confidential manner to determine interest, judge level of interest and get a feel for the market.

3. Send an Executive Summary (E/S) and a CDA.

4. Followup to get the signed CDA back.

5. On receipt of the CDA, forward the confidential Technical Package (T/P).

C. Final Marketing

1. Arrange a visit at the university with the inventor to give the company a full technical presentation, discuss development contract to further the invention and discuss licensing terms.

2. Get research proposal from the university, draft option/license agreement and forward to the company.

3. Negotiate the agreement, keeping the university informed of the progress.

4. Get signed agreement and collect initial funds.

5. Monitor progress of the research and prepare draft license at the appropriate time.

6. Negotiate license agreement, get signed and monitor royalties and other terms of the license.

Finally, I've included copies of the slides we use for presentations to the university/laboratory for discussion tomorrow.

F A C S I M I L E T R A N S M I S S I O N

from

UNIVERSITY TECHNOLOGY CORPORATION
3710 University Drive, Suite 210
Durham, North Carolina 27707

DATE: May 11, 1988

TO: Dr. Lowell Harmison

FAX NO: USA (703) 821-2049

FROM: Carl B. Wootten

FAX NO: USA (919) 490-5261

ATTN: Dr. Lowell Harmison

RE: Kansas State

Dear Lowell,

Enclosed is information for your call to Kansas State. If there are any questions, please let me know.

Sincerely,

Carl

Carl B. Wootten
President

CBW:pv

PLEASE NOTIFY DR. LOWELL HARMISON IMMEDIATELY UPON TRANSMISSION

TRANSMITTING HEADER PLUS 8 PAGES

UNIVERSITY TECHNOLOGY CORPORATION
South Square Corporate Centre Suite 210
3710 University Drive · Durham, North Carolina 27707
(919) 493-0101

May 11, 1988

MEMORANDUM

TO: Dr. Lowell Harmison

FROM: Carl B. Wootten CBW

RE: KSU Briefing Paper

In accordance with instructions from Norm of last night, this is to give you the basics of our interactions with KSU over the last nine months in preparation for your call to Dean Kruh.

* A major disagreement has developed due to Mingle marketing in parallel with us and/or giving back inventions without discussing it with us. See attached memos.

* On being brought to task over the parallel marketing problem, Mingle faxed me a letter of April 20 (copy attached).

* There was agreement between Mingle and I to delay hiring the TLO until Mingle's future status was determined. His letter of November 30, 1987 and my answer of December 11, 1987 (attached) indicated to start the process in January, which was done. There was some delay due to the merger, however.

* Prior to hiring, Mingle was supposed to act as the TLO, but in reality did very little. Each of our L.E.'s had to write their own Executive Summaries and we have yet to receive many of the Technical Packages needed for marketing the inventions.

* I do not know how much of this history has been relayed to Dean Kruh or the rest of the Executive Committee or the Board. (My guess is very little.)

* My letter of May 5th outlines these problems in preparation for our proposed meeting on May 23rd (copy attached).

I recommend your call to Dean Kruh be delayed until we are assured of his receipt of the May 5th letter.

CBW:pv

UNIVERSITY TECHNOLOGY CORPORATION
South Square Corporate Centre Suite 210
3710 University Drive Durham, North Carolina 27707
(919) 493-0101

May 5, 1988

Mr. John O. Mingle, Esquire
Executive Vice President
Kansas State University Research Foundation
Fairchild Hall
Manhattan, Kansas 66506

Re: KSU/UTC Interaction

Dear John,

Needless to say, we were very upset by your letter of April 29th indicating the unhappiness of the Research Foundation's Board of Directors. As I have told you, we were very sorry about having to cancel the TLO interviews at such a late date, and we sincerely apologize again for that.

As you and I have discussed by telephone, the misunderstanding over the marketing roles of your office and UTC caused considerable consternation, particularly after the considerable amount of time and money that was expended by UTC in the marketing effort. In your letter of April 20th you indicated that we should be able to work this out, and it is in that spirit that we want to meet with the Board on May 23rd. Norm Latker will also be coming with me to preview with the Board the expanded capabilities of UTC. We are also lining up the three candidates for interviews on the morning of the 24th, in hopes that we can resolve these questions and I will contact you as to the specifics once they have been arranged.

In order to preview our meeting of the 23rd, we would like to review the history on the three inventions in particular which have caused us problems:

1. 04-86-002; Device To Singularize And Orient Cereal Grains
2. 04-86-003; Enhanced Legume Crop Yield With Rhizobium Mutants
3. 04-86-006; Abrasion Testing Machine

One of the items in your letter had to do with a "lack of progress" this first year. You indicated that the concern there came from the very short informal report which we discussed and which I sent to you. I think the Board implied from that there was nothing going on at UTC on Kansas State's behalf, which is incorrect. I will be sending a more formal report on contacts on each of the inventions and where each of them stand at the present time for review prior to our meeting.

I look forward to seeing you on the 23rd and of course look forward to meeting with your Executive Committee. As you said in your letter of April 20th, I certainly believe we can iron out these problems in interpretation of our contract, and look forward to doing so during our meeting.

Best regards,

Carl B. Wootten
President

CBW:pv

UNIVERSITY TECHNOLOGY CORPORATION
South Square Corporate Centre Suite 210
3710 University Drive Durham, North Carolina 27707
(919) 493-0101

December 11, 1987

Mr. John O. Mingle
Executive Vice President
Kansas State University Research Foundation
Office of the Executive Vice President
Kansas State University
Fairchild Hall
Manhattan, Kansas 66506

Re: TLO Activities

Dear John,

Thanks very much for your letter of November 30, 1987 indicating you would be going halftime as of April 1, 1988. I am glad to hear that you will be continuing to help the new TLO get organized.

As we have done at the other schools, I am enclosing herewith a draft of an ad used in the other locations which has seemed to draw the right type of people for the position. I hope it will help structure the ad you will placing in the various cities. Also, I had previously sent you the resume of Dr. Moise Riboh, who has again called me and is still interested.

The procedure we have used in the past goes as follows:

1. Resumes are reviewed and graded by yourself for suitability.

2. Copies of the resumes are sent to us for our review.

3. Each of us rates the various resumes on a score of 1 to 5, and we come up with approximately six people as top candidates.

4. A search committee is made up of yourself and whoever else you feel needs to be involved at the University plus John and myself. The candidates are invited in for a one day marathon interview session (one right after the other) with rating sheets on each person.

5. At the end of that meeting, we try to come down to the 2 top candidates, who are then asked to come back and interview with the faculty and actually develop an Executive Summary from the basic invention disclosure.

By the time all of this is finished, we pretty well have a good feel for whether or not the candidate can perform and whether or not they would be interested in the job also.

As I said above, I'm enclosing a copy of the ad, a copy of what we see as the requirement for the TLO, and hopefully we can work together on the ad to get it ready to be in the papers the first part of January.

If you have any questions on these recommendations, or would like to change anything in here, please give me a call. Otherwise, I will look forward to getting a copy of the proposed ad as you see it before the first of the year.

Best personal regards,

Carl

Carl B. Wootten
President

CBW:pv

Enclosures

KSU
KANSAS STATE UNIVERSITY

Kansas State University Research Foundation

Office of the Executive Vice President
Fairchild Hall
Manhattan, Kansas 66506
913-532-5720

FACSIMILE COMMUNICATION
(9194905261)

April 20, 1988

Mr. Carl B. Wootten
President
University Technology Corporation
Suite 210
3710 University Drive
Durham, NC 27707

Dear Carl:

This letter is to give my current viewpoints on operation of our Technical Liaison Agency Agreement that became effective July 1, 1987. After approximately ten months in effect, it my understanding that we are making progress, and although some differences are present, these can be overcome with good faith cooperation. Certainly we want this program to be successful for both our organizations, and I think the key is good communication with patience and a recognition that we both have constraints on us.

Let me review some background that you know well but is germane to my views. Licensing is difficult and very time consuming. I have been in this position nearly six years and have been talking with many companies, licensing executives, etc. over that period. As time passes sometimes interests develop, not only with new developments, but with ones that have been around for a while. Additionally, inventors and researchers keep developing and bring up old contacts that had been communicated with earlier. Sometimes the second time around things gel better. Thus, since I have to live with campus politics, I have to stay involved. Of course with new inventions and disclosures, this is not such a problem for UTC gets them first hand and keeps working with them; it is our backlog of old inventions that creates this situation.

I did not put any of this backlog of inventions on the excluded list for it seemed only fair to you to give you "a shot at" licensing these, if you could. Naturally I did not know what ones might soon surface into viable options or licenses from my prior contacts, but in no manner did I imagine that you were expecting me to stop my licensing activity on these old inventions. We were to operate in parallel paths with respect for the others activities, and to a large extend we have done this with some difficulty in communication, which is probably my shortcoming. Time will cure many of the problems for we will be working out any old inventions that have licensing interest. And again as time passes and our TLO becomes active, you attention will be directed to new inventions that I have not worked and with which considerable campus politics has not gotten involved.

It is apparent from the above discussion that I believe campus politics is a valid and reasonable concern of mine since I have to live with these inventors, researchers, their department heads, their deans, etc., and some are members of my Board. Thus, the Research Foundation must obtain cooperation with the University by persuasion since we do not have any direct control. The net result is that I must give a little here to get further cooperation there, and so on. Again, I believe time will cure this as new inventions take over the limelight.

A further manner in which time will cure this problem is by enhancing the direct communication between myself and your licensing officers as they come on campus and met with inventors and potential licensees. Alternatively, if you believe it prudent, I will go to your location occasionally and we will iron out any problem situations. One year ago I made a trip to see you to insure myself that I could enthusiastically recommend to my Board our agreement. In one week I report again to my full Board, and I expect to tell them that I believe our UTC contract will work better next year as our TLO becomes involved. You remember that I have suggested that this TLO be your employee so that he or she will firmly be under a business expectation; yet, from our viewpoint be working to help our inventors, researchers, etc., do a better job. Thus, I will be expected to lead his or her interference as well as mediate any rough places, particularly during the early months. Again, time should smooth any transition problems if we get the right person for our TLO.

In this letter I have not tried to concentrate on particular detailed aspects of our agreement for I believe that the fiduciary relationship set up by our principal - agent situation involving trust, loyalty and good faith dealings will allow us to work out any problem areas.

Academic administration can be stressful, as you well know, and I will readily admit that at times my performance will not be perfect or even adequate, but live with me and we will work this out to the mutual benefit of UTC, or USET, KSU and KSURF.

What do you think, Carl?

Very truly yours,

John O. Mingle, Esq.
Executive Vice President

KSU
KANSAS STATE UNIVERSITY

Kansas State University Research Foundation

Office of the Executive Vice President
Fairchild Hall
Manhattan, Kansas 66506
913-532-5720

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TLO CORR. ✓
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LE

November 30, 1987

Mr. Carl Wootten
President
University Technology Corporation
Suite 210
South Square Corporate Centre
Durham, North Carolina 27707

Dear Carl:

As I have indicated previously, the Research Foundation Executive Committee has decreed that my position will reduce to halftime when the new TLO comes on board with Dean Kruh and Dean Rathbone, two members of the Executive Committee that I report directly to as I perform my campus activities, concurring that transition should occur on April 1, 1988. I will continue to be here halftime and help the new TLO as he or she becomes acclimated to the new job.

You have suggested that it would be more appropriate, from the UTC viewpoint, if our new TLO was an employee of UTC. Although I have not worked out the details, it seems feasible that we can add by separate funding the appropriate fringe benefits that UTC does not provide and are represented here at the University.

My suggested plan would be to start advertising in early January in Omaha, Wichita, Kansas City and perhaps St. Louis and Denver for this position, unless of course you have somebody in mind based upon your previous TLO hiring. It is my understanding that you and John Frazier would review applicants from the UTC viewpoint while my Executive Committee will serve as the Research Foundation's review. The details of this coordination will have to be worked out in the near future.

My Executive Committee has a meeting December 17 and expects to confirm Dean Kruh and Dean Rathbone's recommendations and begin to setup review procedures for this TLO position. We will be looking forward to getting this next phase of our UTC relationship underway.

Very sincerely yours,

John O. Mingle, Esq.
Executive Vice President

JOM/mb

University Science, Engineering
and Technology, Inc.
8000 Westpark Drive, McLean, VA 22102
Tel: 703/821-2030 Fax: 703/821-2049

June 21, 1988

Dr. Barbara Hansen
The University of Maryland
5401 Wilkens Avenue
Baltimore, Maryland 21228

Re: USET Technology Transfer Services

Dear Dr. Hansen:

At our meeting on February 5, 1988 we indicated that, once the acquisition of UTC was complete, we would get back to you with a proposal to provide UMAB's patent management services. We are now able to propose an arrangement similar to the proposal previously submitted to you by UTC but which also includes additional valuable services.

In exchange for a right of first refusal in Australia to all of the technology that ~~the university~~ may acquire arising from its research in the Northern Hemisphere, we propose to provide the following services:

1. The services of a professional Technology Liaison Officer (TLO) on a regular as needed basis. The TLO's responsibility will include providing patent related educational services for campus Investigators, interviewing Investigators to search out new inventions and help prepare invention disclosures, providing liaison with the Licensing Executive at our headquarters here in McLean, being available on-campus on a regular basis for interviews with Investigators, helping Investigators work with our electronic database system (described below) and generally being available to respond to technology management and research proposal inquiries from campus Investigators and Administrators. Although the TLO will be at UMAB on a scheduled but part time basis, this will allow the reduction of costs to UMAB for the program, which we understand has been a major problem for you. The only costs to the University will be for providing an office and an Administrative Assistant level person to handle the details of the office during the absence of the TLO. The cost of the TLO and the cost of the Licensing Executives who will perform the actual licensing functions will be entirely borne by USET.

2. Incorporation of all University technology in our electronic database system. As described to you at our February meeting, this system will enable us to widen the scope of our licensing activities on your behalf. At your discretion, the system will also enable University Investigators to solicit research funding from industry or other non-traditional funding sources. USET will also promote the licensing of software, biological and engineering materials through the database system. These services will be available at no cost to the University other than the normal sharing of income. We would share any option fees, license fees, royalty or other income generated from the licensing efforts on a 50/50 basis. In addition, 15% would be added to your standard government overhead rate and remitted to USET for those research grants generated through the system.

3. On inventions selected by USET under its right of first refusal mentioned above, USET would file, pay for and own patent applications throughout the world on these inventions. The only caveat would be that foreign filing prosecution and maintenance costs will be deductible from royalties or other income derived from these inventions prior to those inventions on which USET elects not to file, pay for and own, the University may file, pay for and own these inventions. If you should so desire, we will market these inventions as we would other technology, except that the University would recover its costs prior to sharing royalty or other income with USET.

4. The election of ownership mentioned in (3) above would be accomplished within six months of receipt of a complete invention disclosure, at which time we will notify the University of election or non-election (or request an extension should the circumstances warrant). For incomplete disclosures, the invention would be put "in-abeyance" which would toll the time period, mentioned above until such times as the invention was complete. The University may request return of university owned inventions which have not been licensed within one year. If returned, USET would not share in any income on the inventions.

5. USET would monitor all licenses and collect funds due to the University, paying to the University its share on a quarterly basis.

If you agree, we propose an initial term of this Agreement of five years, subject to automatic one-year rollovers unless terminated by either party after the five year initial term.

We trust that the foregoing summary of terms and conditions will provide you with sufficient details upon which to act. Obviously, if additional information is required or you wish to discuss alternatives to our proposal, we would be happy to meet with you to do so.

Also, you should know that we plan to use the UTC personnel supplemented by other USET personnel with appropriate backgrounds as necessary.

I would like finally to reiterate what we see as the advantages to UMAB and USET in such an arrangement, which are as follows:

1. The provision of a professional Technology Liaison Officer to assist in the expansion of the disclosures coming from the Investigators at UMAB.

2. Professional Licensing Executives in various industrial fields to handle the licensing for the University in a professional and efficient manner.

3. A database which will provide access to non-traditional sources of research funding via a broad industry base, and relieve you of some overtime devoted to explaining your program to industry.

4. A minimal cost to the University to meet the federally mandated requirements for technology management.

If you have any questions or comments regarding the foregoing, I invite your direct inquiry to me. If you would like to have a proposed Agreement for consideration now, we would be pleased to provide same. I look forward to our continuing relationship and to moving ahead to conclusion of our Agreement so that we can begin the work of getting the University's technology to industry.

Sincerely,

Norman J. Latker, Esquire
Vice President for Legal and
Technology Affairs

NJL/kte

University Science, Engineering
and Technology, Inc.
8000 Westpark Drive, McLean, VA 221(
Tel: 703/821-2030 Fax: 703/821-2049

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The University of Maryland
5401 Wilkens Avenue
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Sincerely,

Norman J. Latker, Esquire
Vice President for Legal and
Technology Affairs

NJL/kte

SERVICING AGREEMENT

AGREEMENT made this_____ day of_____, 1988, between_____(hereinafter called "University"), and University Science, Engineering and Technology, a Delaware corporation, with principal offices at 1465 Post Road East, Westport, Connecticut 06880 (hereinafter called USET);

W I T N E S S E T H:

WHEREAS, it is contemplated by the parties hereto that UNIVERSITY will own rights to technology made by its employees and others in accordance with its policies and procedures and that UNIVERSITY will have the full and exclusive right to license or have licensed on its behalf such technology;

WHEREAS, UNIVERSITY desires that certain technologies which UNIVERSITY may hereinafter obtain during the term of this AGREEMENT be utilized in such a manner as to develop their commercial utility and to develop the maximum reasonably obtainable income both in the interests of UNIVERSITY and the public, and that such rights be administered in an effective manner;

WHEREAS, USET has been organized under the laws of the State of Delaware for the purpose of commercial exploitation and administration of technology and is willing to undertake such functions under the terms set forth in this AGREEMENT.

NOW, THEREFORE, for good and valuable consideration, the receipt whereof is hereby acknowledged, and the mutual performance of the undertakings herein, it is agreed by the parties hereto as follows:

Section 1. Definitions

A. The term "Inventors" shall mean UNIVERSITY's faculty (including Research Investigators), and staff members, and other persons from whom UNIVERSITY may acquire title to technology in accordance with its policies.

B. The Term "Technology" shall mean inventions, invention disclosures, know-how, trade secrets, software, biological, chemical and engineering materials, whether or not

subject to intellectual property protection, patents and patent applications all acquired by the UNIVERSITY after the date of this AGREEMENT but excluding divisions, continuation, or continuations-in-part of patents or patent applications or reissues of patents acquired by the UNIVERSITY prior to the date of this AGREEMENT. In addition, the term shall include disclosures of specific research projects that the UNIVERSITY believes may result in any of the above categories of technology and for which project the UNIVERSITY is seeking funding from the private sector.

C. The term "Intellectual Property" shall mean patents, copyrighted technology, trade secrets or the protection of semiconductor chip products.

D. "Technology covered by this AGREEMENT" shall mean technology which arises during the term of this AGREEMENT which USET elects to administer in accordance with this AGREEMENT and other technology which the parties hereafter mutually agree to administer in accordance with this AGREEMENT.

Section 2. Obligations of USET

USET, from and after the date of the AGREEMENT, shall perform the following services for UNIVERSITY:

A. USET shall begin, with reasonable diligence and with the cooperation of UNIVERSITY, and thereafter shall pursue, at its expense an educational program for University staff and Research Investigators describing the USET services available to the University, the benefits of managing University technology and the process of identifying, protecting and licensing such technology. USET shall also, upon request by UNIVERSITY provide consulting services to University on intellectual property issues in connection to specific University technology or research grants and contracts.

B. USET shall enter into a program of licensing (and when appropriate assignment of) technology covered by this AGREEMENT, on the basis of the technology's commercial potential, the availability of intellectual property protection and reasonable corporate prudence. USET shall consult, as appropriate, with UNIVERSITY administrative personnel and the Inventor(s) in order to plan such licensing strategies for such technology. USET shall further consult with appropriate UNIVERSITY administrative personnel prior to assignment or grant of exclusive licenses on technology covered by this AGREEMENT;

provided, that USET shall have final authority to implement license strategies and grant licenses.

C. USET shall provide licensees, prospective licensees and assignees with information obtained from UNIVERSITY in order to permit more profitable return to UNIVERSITY from the administration of technology covered by this AGREEMENT.

D. USET employees and/or consultants shall visit UNIVERSITY and interview Inventors at the UNIVERSITY within the framework of UNIVERSITY's present administrative procedures on a regular basis, and UNIVERSITY agrees fully to cooperate with such USET employees and consultants.

E. USET shall provide periodic written status reports regarding its activities hereunder to UNIVERSITY during the term hereof.

Section 3. USET's Rights

A. UNIVERSITY agrees that it will not hereafter, during the term of this AGREEMENT, without the express written consent of USET execute any license or take any other action contrary to the rights granted or to be granted to USET in accordance with the terms of the AGREEMENT.

B. Nothing contained herein shall authorize either USET, or any of its licensees to use UNIVERSITY's name in any advertising or advertising of products or processes licensed hereunder without the prior specific written authorization of UNIVERSITY; however, USET may advise others of the sources of technology covered by this AGREEMENT and may disclose the existence of this AGREEMENT.

Section 4. Management of Technology

A. It is recognized by the parties hereto that subsequent to the execution of this AGREEMENT and thereafter that the UNIVERSITY will receive disclosure of technology from UNIVERSITY Inventors in compliance with University policy. All such disclosures of technology shall be promptly submitted in writing to USET during the term of the AGREEMENT for evaluation of its commercial potential.

The parties recognize that, by virtue of the activities of USET's employees, that USET may from time-to-time receive technology disclosures directly from UNIVERSITY's employees. In such event, USET shall provide copies of such disclosures to UNIVERSITY and will evaluate them as described above.

B. At the time of submitting a disclosure of technology disclosure to USET, or within thirty (30) days after USET notifies UNIVERSITY that USET has received same from UNIVERSITY's inventors, UNIVERSITY shall advise USET of any outstanding commitments or obligations which might prevent such technology from being subjected to this AGREEMENT or might limit USET's ability to license or otherwise convey rights thereto, and shall advise USET of any publication (including the date thereof) pertaining to such technology (and shall provide USET with a copy of such publication if reasonably possible.)

C. UNIVERSITY grants to USET the right to disclose to actual or potential licensees, information regarding a technology, upon condition that the disclosure is accomplished in a manner and form sufficient to protect and safeguard the prospective intellectual property rights thereto, and, subject to the aforesaid condition, UNIVERSITY waives any claim relating to USET's disclosures made during attempts to license said inventions.

D. USET will notify UNIVERSITY in writing within six (6) months from a complete disclosure of a technology from UNIVERSITY, whether or not USET elects to administer such technology in accordance with this AGREEMENT.

USET will notify UNIVERSITY within sixty (60) days of the receipt of an incomplete disclosure of a technology on the information needed for complete the disclosure,

and such disclosures will be held in abeyance pending receipt of such information, at which time such six (6) month period shall commence.

E. In the event USET does elect to administer a technology in accordance with this AGREEMENT, UNIVERSITY agrees to assign and hereby does assign to USET its entire right, title, and interest in and to such technology, subject to any previous commitments made or limitations incurred by UNIVERSITY, as for example, under certain United States Government grants and/or contracts (but no commitments or limitations incurred by virtue of UNIVERSITY's regulations or agreements with its Inventors).

F. In the event USET does not elect to administer a technology in accordance with this AGREEMENT, or fails to give timely notice of its election to administer a technology in accordance with this AGREEMENT, then USET's entire right, title, and interest in such technology shall terminate and the UNIVERSITY shall be entitled to pursue any and all activities related to such technology without involvement of USET.

G. UNIVERSITY retains the right to enter contracts and receive grants in support of research to be performed at UNIVERSITY. If USET elects to administer any technology in accordance with this AGREEMENT which arises from research supported by such a contract or grant containing terms providing preferential treatment of licenses to the contractor or grantor, USET agrees to perform all servicing obligations with respect thereto in accordance with such terms.

H. Within six (6) months following notice by USET of its election to administer a technology in accordance with this AGREEMENT, USET will: (i) complete a patent novelty search for the technology, elect to file a patent application thereon without conducting a patent novelty search or pursue other means of intellectual property protection, or (ii) notify UNIVERSITY of USET's termination of interest therein. Within approximately one (1) year after the six (6) month period referred to in this Section 4(H), USET will either (i) complete the timely filing of a U.S. patent application for the invention, establish other means of intellectual property protection, or (ii) notify UNIVERSITY of USET's termination of interest therein.

Section 5. Patents and Patent Costs

A. Subject to the provisions of Section 4, USET shall, when it deems necessary, promptly file or cause to be filed patent applications in any country or countries of the world, including the United States. Such patent applications shall be filed and prosecuted, and any patents issuing thereunder to Inventions covered by the AGREEMENT received from UNIVERSITY shall be maintained, at no cost to UNIVERSITY. UNIVERSITY agrees to sign or cause to be signed all documents or papers and take any other action necessary to effect such filing and prosecution. In the event USET decides not to file a patent application on an Invention covered by this AGREEMENT, or to abandon a filed patent application or issued patent, it will notify UNIVERSITY of such decision within adequate time for UNIVERSITY to file a patent application or such Invention or continue the prosecution of such application or maintenance of such issued patent, as the case may be, and will promptly transfer all of USET's rights therein to UNIVERSITY, thereby deleting the same from the scope of this AGREEMENT.

B. As to foreign patent rights on Inventions covered by this AGREEMENT, if USET files for foreign patents, USET may first deduct the foreign filing, prosecution, and maintenance cost from royalties or other income derived from the licensing or other handling of the particular Invention or Inventions involved, and the remaining royalties or other income shall be shared as set forth in this AGREEMENT

C. In the event any technology covered by this AGREEMENT becomes involved in litigation, USET will pay the expense of same. USET shall be entitled to deduct its litigation expenses from any recovery or royalties related to the technology that is the subject of the suit, with the balance of the recovery, if any, or the remainder of such royalties, as the case may be, to be shared in accordance with the royalty sharing provisions of this AGREEMENT. Notwithstanding the foregoing, USET may transfer some or all of the power of litigation and the costs thereof to an exclusive licensee under a technology covered by this AGREEMENT and permit the Licensee to set-off its litigation costs from royalties otherwise due. In no event shall UNIVERSITY be required to become a party to any such suit initiated by USET or any licensee without its express permission.

Section 6. Representations and Warranties by UNIVERSITY

UNIVERSITY represents and warrants:

A. That pursuant to its existing intellectual property protection policy of (a copy of which is attached hereto and marked "Schedule A".) it will acquire all rights to the technology, inventions, invention disclosures, know-how, trade secrets, patents and patent application made by Inventors and that it has the full right and power to assign such subject matter to USET hereunder.

B. That it now has the right to enter into this AGREEMENT and intends hereafter to comply with the terms thereof (including without limitation that it will not change its policies in derogation of the rights conveyed and to be conveyed to USET hereunder).

Section 7. Payments and Considerations

A. USET shall collect and receive in its own name all royalties, fees or other remuneration hereafter to be due or accruing by reason of the licensing, sale, litigation or other exploitation of technology covered by this AGREEMENT.

B. With respect to any royalties or other income received by USET for the licensing, sale, litigation or other exploitation of any technology covered by this AGREEMENT, subject to the provisions of Section 5B and C, USET shall retain forty percent (40%) thereof and shall pay over to UNIVERSITY the remaining sixty percent (60%). From its share of such royalties or other income, UNIVERSITY shall compensate the Inventors of UNIVERSITY in accordance with its applicable policy, and USET agrees to pay to UNIVERSITY the sum of Two Hundred Dollars ($200.00) at the time a United States patent application is filed for each Invention covered by this AGREEMENT, provided that only one such payment shall be made with respect to a series of patent applications covering a number of related inventions made by a common Inventor(s), and UNIVERSITY agrees to forward said sum to such Inventor(s) on behalf of USET.

C. All royalties or other payments received by USET and attributable to the licensing of Inventions covered by this AGREEMENT shall be accumulated by USET and amounts due to UNIVERSITY shall be paid to UNIVERSITY semiannually each year on or about each January 15 and July 15, together with an accounting of the source of such amounts.

D. USET shall keep accurate books and records of its income and receipts hereunder and of disbursements, and UNIVERSITY shall have the right to inspect such books and records, at reasonable intervals and at reasonable times.

Section 8. Term

A. The term of this AGREEMENT shall be from the date hereof for a period of five (5) years and shall be automatically renewed for additional one (1) year periods thereafter; provided, however, that either party shall have the right to terminate this AGREEMENT at the end of the initial five (5) year period or any subsequent period thereafter by providing written notice of termination to the other party at least thirty (30) days prior to the end of any such period. Notwithstanding the expiration of this AGREEMENT or earlier termination as provided hereunder, and with respect to any technology covered by this AGREEMENT, this provision hereof relating to such technologies shall survive such expiration or earlier termination until the expiration of the last to expire of any patents issuing on each such technology.

B. If, after three (3) years from the issue date of any patent issuing on an technology covered by this) AGREEMENT, it shall be reasonably determined by UNIVERSITY that USET has failed to produce the maximum utilization or return which might be expected from commercial development of such technology, UNIVERSITY shall, upon sixty (60) days written notice to USET, have a right to reassignment of such technology (including the patent or patents relating thereto). During said sixty (60) day period the parties agree to negotiate concerning alternate procedures to such reassignment, but during said time USET shall not grant any license under the technology covered by said notice without the consent of UNIVERSITY.

If USET desires to dispute the reasonableness of such determination by UNIVERSITY, such dispute shall be shall be settled by arbitration in accordance with the rules of the American Arbitration Association then in effect. The arbitrator's decision as to such reasonableness shall be final and binding upon the parties. Upon maturation of the right to reassignment, USET shall, in fact, reassign to UNIVERSITY by written instrument. The demand for arbitration must be make within thirty (30) days after expiration of said sixty (60) day period and the costs of such arbitration shall be borne by the party who does not prevail.

In the event of such reassignment, USET shall receive and retain a royalty for the life of said technology arising from any license or similar agreement consummated prior to the demand for the recapture of said technology, in the amount it would have received and retained had the technology not been reassigned to UNIVERSITY.

C. In the event of receivership or bankruptcy of USET, or in the event USET shall make an assignment for the benefit of creditors or shall go out of business, this AGREEMENT shall terminate and, in such event all right, title and interest in and to all technologies covered by this AGREEMENT then owned by USET pursuant to and under the terms of this AGREEMENT shall automatically revert to UNIVERSITY. In the event of such reversion, USET shall receive and retain royalties from and for the full term of any licenses or similar agreements consummated prior to the received and retained had the technologies not reverted to UNIVERSITY.

D. If either party shall at any time during the term hereof commit any breach of any material covenant or agreement herein contained, and shall fail to remedy any such breach within sixty (60) days after written notice thereof by the other party, such other party may at its option terminate this AGREEMENT by notice in writing to such effect, in addition to such other remedies as are provided by law.

E. The termination of this AGREEMENT for any cause shall not affect the terms of any licenses, sales or other grants theretofore entered into by USET, and no termination shall relieve USET or its successors of its obligation to pay UNIVERSITY its share of royalties due or to become due or accrued under Section 7 hereof, or shall relieve UNIVERSITY of the obligation set forth in Section 8 B to pay a continuing royalty attributable to services of USET, the right to which continuing royalty accrued prior to such termination.

Section 9. Miscellaneous

A. This AGREEMENT shall be interpreted and enforced under the laws of the State of Connecticut.

B. Any payment, notice or other communication required or permitted to be made to either party hereunder shall be sufficiently made or given on the date of mailing if

sent to such party at its address given below, or such other address as it shall hereafter designate in writing, as follows:

In the case of USET

President
USET
1465 Post Road East
Westport, Connecticut 06881

In the case of UNIVERSITY

President

C. This AGREEMENT shall be binding upon and shall inure to the benefit of the successors or assigns of UNIVERSITY, but USET may not assign this AGREEMENT nor any interest under this AGREEMENT without the prior written consent of UNIVERSITY, except that USET may assign its rights to monies due or to become due hereunder.

File SUPA

March 7, 1988

MEMORANDUM

TO: Lowell T. Harmison

FROM: Carl B. Wootten

RE: SUPA Visit Report

The following is a summary of contacts and discussions held during the SUPA meeting in San Diego last week. In general, the meeting was well conducted and very informative even for us "old timers".

Specific contacts and follow-up are as follows:

1. Dr. Stan Nicholas, Director of University Research, Clemson University. Talked with Stan concerning the potential for USET on the campus , and found that he would be retiring on June 30th of this year. Clemson would be an excellent candidate under the regional concept, but is not big enough for a full time TLO. Stan also mentioned that he would be available for consulting after June 30th, but my feeling is that he might also be very willing to help us get started with Clemson if we so desire.

USET

2. Reed McCarty, Vice President, Telos Development Corporation. Telos is a group formed from Montgomery Medical Ventures, which does pre-seed venture capital work. Reed asked me to send any medical related inventions which might qualify as a start-up to him.

3. Richard A. Gerstin, Manager of Business Development, Pfizer Hospital Products Group. Richard works closely with Bill Davis, Director of Licensing at Pfizer and is responsible for the hospital products group licensing. He will be added as a further contact under Pfizer for our computer system.

4. Allen Ginsburgh, Director of Corporate Development, Sundstrand Corporation. Talked with Allen at length concerning Sundstrand's technology requirements, and told him we would get together by letter on putting Sundstrand on our data

base of keywords.

5. Karen Hersey, Director of Technology Administration, North Carolina State University. Karen Hersey has taken the place of Becky French at NCSU, and appears to have a good handle on the internal workings much as our TLO does. They are part of the Research Triangle Consortium headed by Bill Riley and containing UNC, NCSU and Duke.

6. David Koffsky, Attorney. David was originally with UPI and has left them to go into private practice. He indicated that he has a specialty in copyrights and trademarks, and invited us to consider him when needing any trademark or patent work done.

7. Dr. Scott Pyron, Regional Director, Research Corporation Technologies. Scott has spent most of his time at Research Corporation in the grants area, and has recently moved to the licensing area. His personality and technical background indicate that he might be an excellent Licensing Executive when we are ready for expansion, and should be kept in mind for that purpose.

8. Susan Saibara, Telescan. After the group meeting on Sunday, I had a chance to get together with Susan and preview the small demo package they had made up for TIC. David Strevel and Wayne Swann will be working with her to develop this, but it looks like it is a long way from what we need at the present time.

9. John Holloway, University of Colorado. Sat next to John in one of the sessions, and he was questioning how UIC works. Also next to him was Sid Alpert, and I saw him pass a note to Sid indicating that the universities' involvement with Start-Up Enterprises is one of the reasons for the decline in disclosures from Colorado. I doubt seriously that this is the reason, but it was interesting to oversee the note to Sid.

10. Ed McCarty and Duke Leahy, University of Washington, St. Louis. Discussed the potential for USET to interact with the University of Washington, and Duke Leahy told me privately that we really need to see them again and make a proposal to them. Evidently, they are having problems handling the volume of disclosures and need some help. Washington University was going to be one of UTC's initial clients, but we could not sell the exclusive portion of our contract to the faculty. This also brings up the major point of taking some clients on a non-exclusive basis or taking clients on an exclusive basis for certain schools/departments. This is what Bill Reagan wants us to do at Columbia, and is a policy question that needs to be discussed and decided upon.

11. Dr. Don Westermann, Medical College of Wisconsin Research Foundation. Had a long talk with Don concerning the USET approach to licensing, and he communicated that they would be receptive to discussion and possibly a proposal. This should be followed up once we have our "game plan" completed.

12. Dr. Tom Walsh, University of Florida. Tom Walsh has taken over the Sponsored Programs aspects at the University of Florida, and is restructuring their division into two parts, one having to do with government funding and the other having to do with outside funding and patents. They have just hired Susan Swain (?), who is coming as a director of the office that handles the patents. By way of background, we had originally talked with Dr. Patricia Schmidt a couple of years ago concerning having them as a UIC client, but there was a major shake-up at Florida and, as a result, Pat Schmidt left the university. Since she left, no one has been actually handling licensing, which Tom indicated they were presently doing on a serendipity basis. He felt that the timing was excellent for USET to come in and give them another proposal, and this should be followed up in the near future.

13. Lorraine Lasker, New York Medical College. Lorraine handles the patents for the college, and again indicated that she would certainly like to talk to us concerning how we might work together. This is a very small operation and does not justify a full time man, but might fit under our regional concept.

14. Roger Ditzel, University of California. Roger and I spent a good deal of time together talking about USET and about the problems he has at the University of California system. Since Roger has thought through the process of licensing for the nine major universities in California, it might be well worth our while to get him as a consultant for a couple of days to visit with us and to outline the organizational steps he has taken to put that system together. Also of value might be the various tracking procedures, application and prosecution procedures, etc. that he uses.

During the meeting I visited with the people from Utah to look at their technology targeting Data Base they had on display. A rough review of the system essentially looked as though they had taken the LES book and the SIC codes and combined the two. I'm sure that there's a little more to it than that, but the type of information available from the list is much too broad for our purposes, and in fact our own Data Base is much more accurate and much more useful.

We also had a major meeting of the staff at UIC and all of the TLOs from the campuses which was aimed at identifying and solving communications problems between the two groups. This is part of the ongoing review of each campus, but it was the first time we were able to get all of the TLOs together to see if there were any common problems. We will continue to work on this area over the coming months.

CBW/ce

University Science, Engineering and Technology, Inc.
8000 Westpark Drive, McLean, VA 22102
Tel: 703/821-2030 Fax 703/821-2049

Reply to:
1465 Post Road East
Westport, CT 06880
Tel: 203/255-6044 Fax: 203/254-1102

July 29, 1988

Dr. Robert F. Kruh
President
Kansas State University Research Foundation
Kansas State University
Fairchild Hall
Manhattan, Kansas 66506

Re: Technology Transfer Agreement

Dear Dr. Kruh:

In conjunction with our meeting on August 3, I believe that a written outline of the background and structure of USET, Inc. and University Technology Corporation's integration into USET will prove helpful.

USET is a corporation which was formed in early 1988 by the Maxwell Group at the direction of its Chairman, Robert Maxwell. Mr. Maxwell, since his service as a Member of Parliament in Great Britain some years ago, has been concerned that inadequate technology transfer has impeded the progress of mankind, particularly in the areas of health care and food supply. To help remedy this situation, he has applied his corporate resources to the organization of USET, an entity created to assist in the transfer of university-generated technology. Additionally, USET is developing a computer-based marketplace which will include available university technology as well as funding proposals through its data base subsidiary company. The seriousness of Maxwell's involvement with academia and scholarship is illustrated by its ownership of Pergamon Press, with which I know you are familiar.

Technology Transfer. To activate its technology transfer activities, USET purchased University Technology Corporation ("UTC") in February 1986. UTC has continued its operations as a corporate entity owned by USET since that time. The Technology Transfer Agreement which Kansas State University Research Foundation has with UTC remains in effect. At the end of June 1988, USET purchased the technology transfer business of University Patents, Inc. ("UPAT"), but did not acquire the corporation itself, which continues to engage in activities outside the field of university patent management. The combined

operations of both organizations are located at UPAT's facilities in Westport, Connecticut. Carl Wootten and other members of the UTC staff will be relocating to Connecticut within the next two weeks.

The undersigned serves as president of USET. I was a founder, Chairman and Chief Executive Officer of UPAT for almost twenty years. I assumed the management of USET at the request of the Maxwell Group. The UPAT technology transfer staff is comprised of attorneys, other professionals and a highly skilled support group who have years of experience in protecting and commercializing university-generated inventions. They, together with UTC personnel, comprise our current complement. Additional professionals are being recruited, to provide capabilities in all major technical disciplines. To summarize, we can confidently say that USET's technology transfer division is a stronger, more broadly based, better financed UTC, with the ability to serve you successfully.

USET recognizes that it has, through UTC, a defined contractual agency relationship with Kansas State. Certain aspects of that relationship may, as a result of our joint experience, benefit from modification. I look forward to an exchange of ideas which may be of mutual advantage during our meeting.

Technology Information Center. As an adjunct to its technology transfer business, USET acquired a computer software developer ("TIC"). TIC is developing a data base to provide access to subscribing industrial clients information about technologies available for licensing from the USET portfolio. Also available to industry will be research funding opportunities from university investigators. In addition, the data base will include listings of technology "wants" from industry. All of this information will be coded and will move through USET as the marketplace. It is our belief that TIC will enhance technology transfer of inventions while simultaneously identifying support for projects needing funding. Of course, there will be no charge to Kansas State for using the TIC network other than a participation of 10% of the amount of any industrial research grant generated by TIC for utilization by university investigators.

Since the acquisition of UTC by USET in February, there has been a lapse in communicating to you the design of the new structure and the advantages which will result to Kansas State from it. At our meeting, I hope you will become convinced that uncertainty and a lack of direction at USET are now over. In advance, please accept our thanks for your time and cooperation.

Sincerely,

L. W. MILES
President

LWM:jh

bcc: N. Latker ✓

University Science, Engineering and Technology, Inc.
8000 Westpark Drive, McLean, VA 2210
Tel: 703/821-2030 Fax 703/821-2049

Reply to:
1465 Post Road East
Westport, CT 06880
Tel: 203/255-6044 Fax: 203/254-1102

July 29, 1988

Dr. Al Sheppard
Vice President of Research
Georgia Institute of Technology
Centennial Research Building
Atlanta, Georgia 30332-0420

Re: Technology Transfer Agreement

Dear Dr. Sheppard:

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patent management. The combined operations of both organizations are located at UPAT's facilities in Westport, Connecticut. Carl Wootten and other members of the UTC staff will be relocating to Connecticut within the next two weeks.

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Sincerely,

L. W. MILES
President

LWM:jh

bcc: N. Latker ✓
C. B. Wootten - FAX