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TO: **Name:** Norman Latker
Address: USET
McLean, VA
FAX Phone No. 703-821-2049

FROM: **Name:** Wayne E. Swann
Address: University of Maryland
College Park, MD

SUBJECT: Smithsonian Agreement

Date FAX'd: September 23, 1988

Number of Pages: 12

Sending FAX Phone Number: (301) 454-1572
Mail Services
University of Maryland
College Park, MD 20742

SERVICING AGREEMENT

AGREEMENT made this 30th day of September, 1988, between the Smithsonian Institution (hereinafter "SMITHSONIAN"), and University Science, Engineering and Technology , a Delaware corporation, with principal offices at 1465 Post Road East, Westport, Connecticut 06881 (hereinafter called "USET");

WITNESSETH:

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

WHEREAS, SMITHSONIAN desires that certain technologies which SMITHSONIAN may hereinafter obtain during the term of this AGREEMENT be utilized in such a manner as to develop their commercial utility both in the interests of SMITHSONIAN and the public;

WHEREAS, USET is an organization having experience and expertise in the development of patent programs and in administration, marketing and licensing 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 SMITHSONIAN employees (including research investigators, graduate students, post-doctoral researchers), and staff members, and other persons from whom SMITHSONIAN 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 protection as intellectual property, patents and patent applications all acquired by the SMITHSONIAN 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 SMITHSONIAN prior to the date of this AGREEMENT. In addition, the term shall include disclosures of specific research projects that the SMITHSONIAN believes may result in any of the above categories of Technology and for which project the SMITHSONIAN is seeking funding from the private sector.

C. The term "Intellectual Property" shall mean patents, patent applications, trade secrets and 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.

E The term "Consultant" shall mean persons serving in a consulting capacity under the terms of this Agreement and specifically includes the consulting services of Mr. Wayne E. Swann, or such other person as USET and SMITHSONIAN may select in his place.

Section 2. Obligations of USET

A. USET shall develop, or have developed on its behalf by a Consultant, Policy, Documentation and Educational Tools for Smithsonian. Specifically, a "Patent Policy Statement", "Invention Disclosure Form" and an "Invention Handbook for the Inventor" will be prepared in draft form and submitted to Smithsonian for review and approval. The documents will be similar in scope, style and quality to those currently used by the University of Maryland, College Park. A final

copy of the materials will be prepared for Smithsonian to use in the preparation of printed documents.

B. USET shall identify and document, or have identified and documented on its behalf by a Consultant, Smithsonian Technology. Specifically (1) the status and recent progress of Technology in individual research units will be reviewed, (2) specific programs and projects with invention potential will be identified by consulting with Smithsonian personnel, (3) research laboratories will be toured and Inventors interviewed to determine novelty and utility of Technology candidates, and (4) inventions will be documented, if necessary, by providing hands-on assistance to Inventors.

C. USET shall evaluate and seek to license, where appropriate, Smithsonian Technology candidates. Specifically, USET will (1) perform a patent search on each Technology candidate elected as described in Section 5 herein, if patentability is in question, (2) when appropriate prepare an invention marketing strategy and actively engage in a marketing effort, (3) negotiate ~~and elect~~ option, license and technology transfer agreements, and (4) where appropriate identify third party sources for technology development funding.

D. USET shall seek to assure licensee diligence and performance under the terms of license agreements. Specifically, USET will (1) collect option/license/technology payments, technology development funds, and royalty payments and distribute to the Smithsonian for allocation according to standard practice and policy, and (2) monitor licensee diligence in bringing Technology to the market place and take appropriate action when necessary.

E. USET will assess, or have assessed on its behalf by a Consultant, the progress and accomplishments of the program and propose any modifications or additions to this Agreement.

Section 3. Obligations of SMITHSONIAN

A. SMITHSONIAN will strongly support the activities of USET and Consultant at the SMITHSONIAN and create an environment to

promote the purpose of this Agreement by making SMITHSONIAN personnel, including Inventors, available at suitable times and places.

B. SMITHSONIAN hereby represents and warrants (i) to the extent the SMITHSONIAN has the full right and power to acquire rights to Technology under Executive Order 10096, it will be assigned to USET hereunder, unless previously assigned under the authority to enter into collaborative arrangements under PL-99-502 (15 USC 37 10a); (ii) that it now has the right to enter into this AGREEMENT and it intends hereafter to comply with the terms thereof.

C. SMITHSONIAN will provide a "Technology Transfer Agent Fee" of Twenty-four Thousand Dollars ($24,000) per each year to USET in semiannual payments of Twelve Thousand Dollars ($12,000). The first payment of $12,000 is due upon execution of this Agreement. If this Agreement is terminated by either party during the first or second year, SMITHSONIAN will be reimbursed at the rate of $2,000 for each full month remaining in the AGREEMENT for the particular time period during which service has been terminated and payment has been received by USET.

D. SMITHSONIAN agrees to pay for SMITHSONIAN approved direct travel expenses of Consultant and USET employees in cases where SMITHSONIAN requires: (1) Consultant to travel outside of the Baltimore/Washington metropolitan area and (2) USET employees to travel outside of Westport, Connecticut. Approval for such expenses will be sought in advance, subject to the usual SMITHSONIAN policies regarding such matters.

E. SMITHSONIAN agrees to review and consider additional requests for financing and assistance to enhance the success of this AGREEMENT.

Section 4. Commitment of Effort

A. USET Consultant(s) will spend an average of one day per month at SMITHSONIAN facilities, for a total of twelve (12) days per year, in performance of the obligations set forth under Section 2B. above.

B. USET Consultant(s) will spend an average of one day per month of effort, for a total of twelve (12) days per year, in performance of the obligations set forth under Sections 2A., 2B. and 2E. above.

C. USET will provide the services of its employees as needed in performance of the obligations set forth under Sections 2C. and 2D. above.

D. SMITHSONIAN will provide the services of its employees as needed in performance of the obligations set forth under Section 3A. - 3E. above.

Section 5. Management of Technology

A. It is recognized by the parties hereto that subsequent to the execution of this AGREEMENT and thereafter that the SMITHSONIAN will receive disclosure of Technology from SMITHSONIAN Inventors. SMITHSONIAN agrees that during the term of the Agreement and any renewals thereof, SMITHSONIAN shall promptly submit to USET all disclosures of Technology received from Inventors. USET shall evaluate, elect and protect disclosures where appropriate, and license and administer licenses related thereto, all in accordance with the terms of this Agreement. By virtue of the activities of USET's Consultants and employees, USET may receive Technology disclosures directly from SMITHSONIAN employees. In such event, USET shall provide copies of such disclosures to SMITHSONIAN.

B. USET will notify SMITHSONIAN in writing within six (6) months from receipt of complete disclosure of Technology from SMITHSONIAN, whether or not USET elects to administer such Technology in accordance with this AGREEMENT. USET will notify SMITHSONIAN within sixty (60) days of the receipt of an incomplete disclosure of Technology of the information needed to complete the disclosure, and such disclosure will be held in abeyance pending receipt of such information, at which time such six (6) month period shall commence.

C. SMITHSONIAN grants to USET the right to disclose to actual or potential licensees, information regarding 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, SMITHSONIAN waives any claim relating to USET's disclosures made during attempts to license said inventions.

D. If USET elects to administer a disclosed Technology in accordance with this AGREEMENT, within six (6) months 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 SMITHSONIAN of USET's termination of interest therein. Within approximately one (1) year after the six (6) month period referred to in this Section 5D., USET will either (i) complete the timely filing of a U.S. patent application for invention, establish other means of Intellectual Property protection, or (ii) notify SMITHSONIAN of USET's termination of interest therein. Notwithstanding the foregoing, in the event Technology shall be know-how, trade secrets, software, or biological, chemical and/or engineering materials which are not statutorily protectable (or which, if statutorily protectable should not in the opinion of USET be statutorily protected) ("Unprotected Property"), USET and SMITHSONIAN may, on a case-by-case basis, agree that such Unprotected Property shall be subject to the terms and conditions of this Agreement, except that patent protection, where required herein, shall be waived.

E. In the event USET does not elect to administer a disclosed Technology in accordance with this AGREEMENT, or fails to give timely notice of its election to administer a disclosed Technology in accordance with this AGREEMENT, then SMITHSONIAN shall be entitled to pursue any and all activities related to such disclosed Technology without involvement of USET.

F. SMITHSONIAN retains the right to enter contracts and receive grants in support of research to be performed at SMITHSONIAN. Any Tech-

nology which arises from research supported by a contract or grant shall be disclosed to USET pursuant to Section 5.A. hereof. If USET elects to administer any Technology in accordance with this AGREEMENT which arises from research supported by 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.

G. SMITHSONIAN 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.

H. At the time of submitting a technology disclosure to USET, or within thirty (30) days after USET notifies SMITHSONIAN that USET to receive same from SMITHSONIAN Inventors, SMITHSONIAN 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 the 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).

Section 6. Patents and Patent Costs

A. Subject to the provisions of Section 5, 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 owned by SMITHSONIAN and will be filed and prosecuted, and any patents issuing thereunder to Technology covered by the AGREEMENT received from SMITHSONIAN shall be maintained, at no cost to SMITHSONIAN except as set forth in paragraph B of this Section 6. SMITHSONIAN agrees to sign or cause to be signed all documents or papers and take any other action necessary to effect such filing and prosecution.

B. As to foreign patent rights on Inventions covered by this Agreement, if USET pays for the cost of filing, prosecution and maintenance of foreign patents, USET may first deduct these costs from royalties or other income derived from the licensing or other handling of the particular Technology 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, SMITHSONIAN will be responsible for litigation and such litigation costs and will pay the expense of same. Notwithstanding the foregoing, USET may transfer some or all of the power of litigation and the costs thereof to an exclusive licensee under a license covered by this AGREEMENT and permit the licensee to set-off its litigation costs from royalties otherwise due.

Section 7. Royalty Payments and Other Considerations

A. USET shall collect and receive on behalf of SMITHSONIAN all royalties, fees or other renumeration hereafter to be due or accruing by reason of the licensing, sale, 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 or other exploitation of Technology covered by this AGREEMENT subject to the provisions of Section 6B., USET shall retain fifty percent (50%) thereof and shall pay over to SMITHSONIAN the remaining fifty percent (50%). From its share of such royalties or other income, SMITHSONIAN shall compensate the Inventors of SMITHSONIAN in accordance with its applicable policy, and USET agrees to pay to SMITHSONIAN the sum of Two Hundred Dollars ($200) at the time a U. S. patent application is filed for each Technology 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 Technologies made by a common Inventor(s), and SMITHSONIAN agrees to forward said sum to such Inventor(s) on behalf of USET.

Excluded from this Section 7B. are invention development contracts and grants identified by and arranged through USET. On such contracts and grants, USET will receive a fee based on a fifteen percent (15%) increased indirect (overhead) rate charged by the SMITHSONIAN. USET will retain this fee and transfer the balance (research funds and SMITHSONIAN indirect costs) to the SMITHSONIAN.

C. All royalties or other payments received by USET and attributable to the licensing of Technology covered by this AGREEMENT shall be accumulated by USET and amounts due to SMITHSONIAN shall be paid to SMITHSONIAN semiannually each year on or about each January 15 and July 15, together with an accounting of the source of such amounts except for payments received for invention development contracts or grants which will be paid within forty-five (45) days of receipt.

D. USET shall keep accurate books and records of its income and receipts hereunder and of disbursements, and SMITHSONIAN 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 one (1) year. This AGREEMENT shall be automatically renewed for an additional one (1) year period unless either party notifies the other party in writing of termination at least thirty (30) days prior to the end of a one (1) year period. Notwithstanding the expiration of this AGREEMENT or earlier termination as provided hereunder, with respect to any Technology covered by this AGREEMENT, the provisions 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 or if Unprotected Property, until the expiration of any agreement theretofore negotiated by USET with a third party respecting rights in or to such a Unprotected Property, on a case-by-case basis.

B. 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 there of 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.

C. 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 SMITHSONIAN its share of royalties due or to become due or accrued under Section 7 hereof, or shall relive SMITHSONIAN of the financial obligations to USET accrued prior to 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:

USET

L. W. Miles
President
USET
1465 Post Road East
Westport, Connecticut 06881
203-255-6044

SMITHSONIAN

Mr. Peter Powers
General Counsel
Smithsonian Institution
Washington, D. C. 20560
202-357-2583

Consultant

Mr. Wayne E. Swann
5392 Storm Drift
Columbia, Maryland 21045
301-995-0331

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

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

E. The effective date of this AGREEMENT is September 30, 1988.

Section 10. Signatures

USET	SMITHSONIAN INSTITUTION
By _____	By _____
	Dean W. Anderson
Title _____	Title Undersecretary
Date _____	Date _____