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

TELECOPIER

TRANSMITTAL SHEET

DATE: 9/21/80

TO: WAYNE SWANN — Rm. 2114 So. Adm. Bldg.

FROM: Norm Lefkoe

SUBJECT: Smithsonian Agreement
— Pl. call on receipt

NUMBER OF PAGES (INCLUDING THIS COVER): 14

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

September 19, 1988

Norman Latker, Esq.
USET, Inc.
8000 Westpark Drive
McLean, Virginia 22102

Re: Draft Servicing Agreement with Smithsonian

Dear Norman:

Enclosed is a copy of the Swann draft. In a few places, I've interlined words. Elsewhere, by enclosure in brackets, I am suggesting deletions. In the margins, you will see numbers in circles; they tie into the comments below.

1. Does Smithsonian ("S") have pre or post graduate students and/or post doctoral researchers? If so, they should be spelled-out. We have had problems with the meaning of "employees" before.

2. Substitute: "...whether or not subject to protection as Intellectual Property,".

3. Swann is not immortal. Add, after "Swann" "or such other person as USET and Smithsonian may select in his place."

4. The first sentence of Swann's Section 2 C is not satisfactory. USET cannot make an absolute promise "to license". The language you used at Section 2 B of your draft (7/13/888) should replace this sentence. Further, we are willing to consult and obtain approval for exclusive licenses, but not for nonexclusive. The second sentence in Swann's draft is OK if "...subject to....conditions" is deleted. Also, your interlineations should be retained.

5. Your Section 3 A should be inserted. Swann put your 3 B in as his Section 9 C.

6. Comment deleted.

7. There should be an affirmative representation at Swann's Section 3 B. I like your Section 6 A and B. In your 6 A, capitalize "Technology" and delete "...inventions ....patent application..."

8. What are S's policies? Is this clause practical?

9. It seems to me that Swann's Section 4 A, B, and C should be part of his Section 2, denominated E(i), E(ii), and E(iii).

10. Swann's Section 4 D should be his Section 3 F, properly referenced, depending upon the changes above.

11. I don't like the second sentence in Swann's Section 5 A. Replace with: "S agrees that during the term of the Agreement and any renewals thereof, S 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."

12. Your Section 4 B is necessary in Section 5 of Swann's draft.

13. With respect to Swann's Section 5 D, there is no provision for licensing or selling unprotected intellectual property such as monoclonal antibodies, biologics, chemicals, etc. I suggest the addition of the following at the end of Swann's 5 D:

> "Notwithstanding the foregoing in the event a Technology shall be know-how, trade secrets, software, or biological, chemical and/or engineering materials which are not statutorally protectable (or which, if statutorally protectable should not in the opinion of USET be statutorally protected) ("Unprotected Property"), USET and S 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."

14. Insert in Swann's 5 F, where indicated: "Any Technology which arises from research supported by a contract or grant shall be disclosed to USET pursuant to Section 5 A hereof."

15. Query: Why did Swann diverge from your language? I am not sure we will agree that title in inventions shall be in S, and not in USET.

15 a. At the insert, add: "...except as set forth in paragraph B of this Section 6."

16. I doubt that S will accept the notion that USET may initiate a litigation at S's expense without prior approval!

17. In Swann's Section 8 A, delete the "and" in line seven. Further, "this provision" should read "the provisions". At the end of the paragraph, add: "...or if Unprotected Property, until the expiration of any agreement theretofore negotiated by USET with a third party respecting rights in or to such an Unprotected Property, on a case-by-case basis.

Further, your deponent sayeth not.

Sincerely,

ROBERT I. SIEGEL
Vice President

RIS:jh
Enclosure

DRAFT

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 1485 Post Road East, Westport, Connecticut 06880 (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), and staff members, and other persons from whom SMITHSONIAN may acquire title to Technology in accordance with its policies.

(1)

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 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, 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.

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 license Smithsonian Technology candidates. Specifically, USET will (1) perform a patent search on each ~~pre-screened~~ elected Technology candidate, as described in Section 5 herein, (2) when appropriate prepare an invention marketing strategy and actively engage in a marketing effort, (3) negotiate and close option, license and technology transfer agreements, ~~subject to Smithsonian approval of all major terms and conditions,~~ and (4) where appropriate identify third party sources for technology development funding.

If patentability is in question

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 Inventions 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:

~~personnel, including inventors, available at suitable times and places.~~

B. [SMITHSONIAN will include in its patent policy a clause which will provide for the SMITHSONIAN acquiring rights to Technology developed by Inventors.]

C. SMITHSONIAN will provide a "Technology Transfer Agent Fee" of Twenty-four Thousand Dollars ($24,000) per each year to USET. The first payment of $24,000 is due upon execution of this Agreement. The second payment is due upon extension of this Agreement as provided in Section 8A. 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 year during which service has been terminated.

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 disclosures of Technology from SMITHSONIAN Inventors. 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. By virtue of the activities of USET's Consultants and employees, USET will 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 disclosures 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.

E. In the event USET does not elect to administer the 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. 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.

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. 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 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 remuneration 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 ~~these~~ such contracts and grants, USET will

receive a fee based on an additional fifteen percent (15%) increase 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, 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.

the provisions

(17)

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 accrued prior to termination. 1-6 USET

Section 8. 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. Kiles
PRESIDENT
1465 Post Road East
Westport, Connecticut 06881

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 _____