DRAFT FOR DISCUSSION

TECHNOLOGY TRANSFER AGREEMENT
BETWEEN
UNIVERSITY TECHNOLOGY CORPORATION
AND THE
SMITHSONIAN INSTITUTION

WHEREAS, the Smithsonian Institution (Smithsonian) is a national museum and research organization and is desirous of having University Technology Corporation (UTC) provide technology transfer management services in a like manner to that created by UTC at the University of Maryland at College Park's, Office of Technology Liaison (UMCP);

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

WHEREAS, USBI, 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 UTC DURING THE AGREEMENT:

A. UTC Activities

1. To serve as prime manager of the Agreement.

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

3. To consult with UMCP's providing the services of Mr. Wayne Owens and the UMCP Office of Technology Liaison, or a mutually agreed to UTC person, to a level of one day per month on site at the Smithsonian during the Agreement.

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, UTC 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 options.

5. To determine the need for and pay for the filing of a maximum of three U.S. patent applications per year. Further prosecution of the patent applications and costs 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.

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

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

B. Compensation to UTC

1. UTC will receive $24,000 per year to be paid annually on quarterly installments 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 UTC concludes a technology transfer agreement with any third party company or individual UTC will retain 50% of any compensation received by the Smithsonian for as long as such compensation is received, even after termination of this Agreement. Such compensation would normally consist of option fees, license fees and royalty payments. Administration of such funds will be by UTC pursuant to Section II.A.4. above, and shall continue without additional cost for the duration of each transfer agreement.

b. Upon receipt of each installment of $6,000, UTC shall pay UMCP $3,000 as outlined in the appended Agreement between UTC and UMCP (Appendix A).

III. RESPONSIBILITIES OF THE SMITHSONIAN INSTITUTION

1. To support actively the activities of UTC at 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 Mr. Swann in cases when the Smithsonian requires him 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.

3. To pay for the Smithsonian approved direct travel expenses of UTC personnel in cases when the Smithsonian requires them to travel outside Durham, North Carolina area, subject to the usual Smithsonian Institution policies regarding such matters.

4. 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:

UTC and Mr. Swann will implement an action plan for the Smithsonian. The elements of this plan include:

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

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

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

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IV. ACTION PLAN:

UTC and Mr. Swann 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, as tendered, will be comparable in kind and quality to that implemented at the University of Maryland.

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.

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

5. Create a suitable intellectual property education program 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 of 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 Kansas State and the University of Texas in the corporate resume of UTC as submitted and attached hereto (Appendix B) is the sole express 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 year's term.

VII. ENTIRE AGREEMENT:

This Agreement, including Appendices A, B, and C 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
Mr. Peter G. Powers
General Counsel
Smithsonian Institution
Washington, D.C. 20560
(202) 357-2583

UNIVERSITY TECHNOLOGY CORPORATION
Mr. John A. Fraser
Executive Vice President
University Technology Corporation
South Square Corporate Centre
3710 University Drive, Suite 210
Durham, North Carolina 27707
(919) 493-0101

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Executive Vice President
University Technology Corporation
South Square Corporate Centre
3710 University Drive, Suite 210
Durham, North Carolina 27707
(919) 493-0101

APPENDIX A

DRAFT FOR DISCUSSION
April 19, 1988

Dean Jacob K. Goldhaber
Room 3133
South Administration Building
University of Maryland
College Park, Maryland 20742

Re: UMCP/Smithsonian/UTC Agreement

Dear Dr. Goldhaber:

As you know, we have been working to form a relationship to assist the Smithsonian Institution with the creation of an intellectual property management program based on the success which we have had creating the Office of Technology Liaison at the University of Maryland.

This letter is a confirmation of the understanding between ourselves and UMCP with respect to the above Agreement. This letter would be appended to the enclosed Agreement so that it's clear how everything ties together.

Since the Smithsonian is aware of the dynamic office on your campus, we agree that Wayne will assist us on this contract with the Smithsonian.

Specifically, you agree to provide the services of the Office of Technology Liaison and particularly its Director, Mr. Wayne Swann, so that he may spend one day per month at the Smithsonian Institution. In addition to the one day per month, addition time may be allocated as required for Mr. Swann, his assistant and his Graduate Research Assistant. Services provided include intellectual property program development and invention identification.

You also agree to hire and pay for a Graduate Research Assistant in the Office of Technology Liaison at UMCP to perform activities in support of the office and this contract. Partial funding for this hiring will be provided by UTC as outlined below.

As compensation for the above, we will provide to you the sum of $3,000 as outlined in the appended agreement between UTC and the Smithsonian. Further, while undertaking the contract with the Smithsonian and investigating their technologies for transfer we shall attempt to match scientific interests of researchers at the Smithsonian and the University of Maryland to strengthen an association through collaborative research efforts.

Dr. Goldhaber, we all look forward to an extremely interesting and dynamic relationship with you and with the Smithsonian. I trust this letter reflects our understanding of the situation and would ask that you be kind enough to indicate your concurrence by signing below.

Yours sincerely,

John A. Fraser
Executive Vice President

AGREED TO:

_____
Dr. Jacob Goldhaber

Title:_____

Date:_____

JAF:pv

cc: Mr. Wayne Swann

APPENDIX B

UNIVERSITY TECHNOLOGY CORPORATION
South Square Corporate Centre Suite 210
3710 University Drive Durham, North Carolina 27707
(919) 493-0107

University Technology Corporation (UTC) has been formed to solve the problems of transferring the intellectual innovations of U.S. universities to the relevant U. S. companies. UTC started with financing of $3.5 million and exclusive licensing contracts with the Georgia Institute of Technology (Atlanta), the University of Maryland at College Park (Baltimore), and the University of Connecticut. Kansas State University and the University of Iowa have since been added.

As the exclusive agent for licensing most forms of technology from these universities, UTC identifies the innovations, finds the most likely potential developer, and negotiates licensing terms with corporations interested in these product opportunities. Where appropriate, UTC will arrange venture capital to develop and market the invention.

Management consists of Mr. Carl Wootten, President and Mr. John A. Fraser, Executive Vice President. As the former Director of Patents at Duke University, Mr. Wootten brings a successful record of university licensing to UTC. Mr. Fraser's experience in technology transfer spans universities, government and corporations in Canada and the United States.

The current Board of Directors consists of Mr. Norman Jacobs, President and Chief Operating Officer of Biotechnica International, Cambridge, Massachusetts; Mr. Harold Pierce, Chairman of Pierce Corporation, an investment management company in Nashville, Tennessee; Mr. Carl Wootten, Chairman, CEO and President of UTC; Mr. Stanley Fisher, Senior Partner, Oblon, Fisher, Spivak, McClelland & Maier, P.C., a major Washington patent law firm; and Mr. Charles B. Huestis, Emeritus Senior Vice President of Business and Finance for Duke University.

The Advisory Board of UTC consists of personnel actively involved in the acquisition of university technology including Dr. Joseph J. Curry, Vice President, Hambrecht & Quist Technology Partners, Inc.; Dr. William Lavis, Director, Licensing & Development, Pfizer, Inc.; Mr. Roger Drake, Director of Advanced Technology, American Hospital Supply Corporation; Mr. Robert Goldscheider, Chairman, The International Licensing Network; Mr. Preston Grounds, Director, University/Industry Liaision, The Procter & Gamble Company; Mr. Choso Saotome, formerly President and Chairman of DIA Research, Inc., Tokyo, Japan; Mr. Robin Skelton, Solicitor, March, Pearson and Skelton, Manchester, England; and Mr. Biorn Eriksen, President of Danish Technology Transfer, Inc.

UTC's unique approach to university licensing involves a Technology Liaison Officer (TLO). This individual, having broad academic/corporate experience, works full-time on the university campus to assist the academic staff and administration. He provides initial recommendations on disclosures, patents and market assessment of inventions. UTC then markets these inventions and product opportunities to corporations. UTC maintains an extensive network of company contacts and up-to-date knowledge of the technical needs of organizations around the world. Additionally, it has developed a proprietary database of corporate technology needs for augmenting the marketing effort.

UTC currently has over 400 invention disclosures covering a vast range of technologies. Some examples are:

A process that allows manufactured computer chips that do not pass quality inspection to be "regenerated" so they will be corrected and perform properly. This technique has the potential for major impact in the integrated circuit industry.

New chemicals that allow thin semiconducting films to be made from metals which previously could not be handled. The new metals include all those recently found to possess superconducting properties.

A monoclonal antibody that protects chickens against infectious bursal disease. Trials so far indicate that use of this vaccine keeps chickens healthy and positively increases conversion of feed to body weight by a very significant amount.

A greatly improved skin test to detect penicillin allergy. Commercialization of this technique will enable penicillin to be used for a wider range of individuals who have previously been suspected allergic to penicillin.

Currently the five client universities represent over $400 million in externally financed research. UTC has been approached by, and is undertaking discussions with a number of additional well-known universities. UTC presents corporations with "one-stop shopping" in a wide range or technologies plus the business expertise of executives that have successfully moved product opportunities from the university to the marketplace.

For further information please contact Mr. John A. Traeger at the above address.

FACSIMILE TRANSMISSION

from

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

DATE: April 19, 1988

TO: Mr. Norman Latker

FAX NO: USA (301) 738-0212

FROM: John A. Fraser

FAX NO: USA (919) 490-5261

ATTN: Mr. Norman Latker

RE: Revised Smithsonian Agreement And Draft Letter to Dean Goldhaber At The University of Maryland

Dear Norm:

To get the ball rolling, I provide you with the attached revised Smithsonian Agreement along with a draft letter to the Dean at UMCP. I will call you Wednesday to discuss these.

Sincerely,

JAF

John A. Fraser
Executive Vice President

JAF:pv

PLEASE NOTIFY MR. NORMAN LATKER IMMEDIATELY UPON TRANSMISSION

TRANSMITTING HEADER PLUS 10 PAGES

DRAFT FOR DISCUSSION

TECHNOLOGY TRANSFER AGREEMENT BETWEEN UNIVERSITY TECHNOLOGY CORPORATION AND THE SMITHSONIAN INSTITUTION

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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;

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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 UTC DURING THE AGREEMENT:

A. UTC Activities

1. To serve as prime manager of the Agreement.

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

3. To concur with UMCP's providing the services of Mr. Wayne Swann and the UMCP Office of Technology Liaison, or a mutually agreed to UTC person, to a level of one day per month on site at the Smithsonian during the Agreement.

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, UTC 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 options.

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