

May 5, 2004 Draft

INTER-INSTITUTIONAL SHARING AGREEMENT

THIS Agreement (AGREEMENT) is between the Board of Regents (BOARD) of The University of Texas System (SYSTEM), an agency of the State of Texas, on behalf of The University of Texas M. D. Anderson Cancer Center (UTMDACC), a component institution of SYSTEM whose address is 1515 Holcombe Boulevard, Houston, Texas 77030, and _____ (XXXX), whose address is _____.

RECITALS

- A. _____ (UT INVENTOR(S)) was an employee [were employees] of UTMDACC at the time the INVENTION (as defined below) was created.
- B. _____ (XXXX INVENTOR(S)) was an employee [were employees] of XXXX at the time the INVENTION was created.
- C. In the course of research programs at UTMDACC and XXXX, UT INVENTOR(S) and XXXX INVENTOR(S) (collectively, JOINT INVENTORS) created the INVENTION; therefore, INVENTION is jointly owned by BOARD and XXXX.
- D. BOARD and XXXX (hereinafter the PARTIES or PARTY) have separate agreements with JOINT INVENTORS whereby they agree to assign all right, title and interest in the INVENTION to their respective institutions, and whereby the JOINT INVENTORS agree to assist their respective institutions in preparing, filing, prosecuting, defending, and maintaining patent applications and patents relating to the INVENTION throughout the world.
- E. The PARTIES desire to jointly exploit the INVENTION.

NOW, THEREFORE, in consideration of the mutual covenants and premises herein contained, the PARTIES agree as follows:

1. EFFECTIVE DATE

This AGREEMENT is effective _____ (EFFECTIVE DATE).

2. DEFINITIONS

- 2.1 INVENTION means all discoveries, know-how, information, and inventions created by JOINT INVENTORS and further described in [UTMDACC Invention Disclosure Report MDAXX:XXX or patent application No._____].
- 2.2 LICENSE REVENUE means the transfer of value from third parties to PARTIES in consideration of granted licenses or other rights to the INVENTION which may include, but is not limited to: actual royalties, fees, payments, equity securities and other sums. LICENSE REVENUE shall not include any consideration received from third parties solely for the founding of any start-up company that will license the INVENTION.
- 2.3 LICENSING EXPENSES means all out-of-pocket expenses, as evidenced by actual invoices, that were incurred in licensing, marketing or commercializing the INVENTION.
- 2.4 PATENT EXPENSES means all out-of-pocket expenses, as evidenced by actual invoices, that were incurred in searching, preparing, filing, prosecuting, defending, and maintaining INVENTION.
- 2.5 PATENT RIGHTS means the PARTIES' respective rights in discoveries, know-how, information and inventions covered in patents and/or patent applications, whether domestic or foreign, which identify JOINT INVENTORS as inventors and which relate to the INVENTION, and any patent application(s) claiming the benefit of priority thereof including all divisions and continuations of these applications, all patents issuing from such applications, divisions and continuations, and any reissues, reexaminations, and extensions of all such patents to the extent that JOINT INVENTORS are named as inventors thereon.

3. WARRANTY: SUPERIOR-RIGHTS

- 3.1 Except for the rights, if any, of the government of the United States of America (GOVERNMENT), as set forth below, the PARTIES, to the best of their knowledge, are under no obligation to anyone other than JOINT INVENTORS with respect to INVENTION and PATENT RIGHTS.
- 3.2 The INVENTION may have been developed under a funding agreement with the GOVERNMENT and, if so, the GOVERNMENT may have certain rights relative thereto. This AGREEMENT and future licenses are explicitly made subject to the GOVERNMENT'S rights under any agreement and any applicable law or regulation, including P. L. 96-517 as amended by P. L. 98-620. If there is a conflict between any agreement, applicable law or regulation and this AGREEMENT, the terms of the GOVERNMENT agreement, applicable law or regulation shall prevail.

- 3.3 [XXXX] represents and warrants that the [XXXX INVENTOR] is obligated to assign all right, title and interest in the INVENTION to [XXXX].
- 3.4 UTMDACC represents and warrants that the UTMDACC INVENTOR(S) are obligated to assign all right, title and interest in the INVENTION to the BOARD.

4. PATENT PROSECUTION AND PROTECTION

- 4.1 The PARTIES are equal owners of INVENTION.
- 4.2 The PARTIES will each use their reasonable best efforts to ensure that JOINT INVENTORS fully cooperate in the preparation, filing, prosecution and maintenance of PATENT RIGHTS.
- 4.3 UTMDACC [or XXXX] is responsible for preparing, filing, prosecuting, defending, and maintaining PATENT RIGHTS made in the name of both PARTIES and will consult with and keep XXXX [or UTMDACC] fully informed of PATENT RIGHTS status. UTMDACC [or XXXX] or its counsel will copy XXXX [or UTMDACC] on all patent related communications, including, but not limited to, patent applications, office actions, and responses. The PARTIES shall each have the opportunity to promptly review and comment upon the wording of specifications, claims, and responses to office actions prior to their submission to the appropriate patent office. PATENT RIGHTS will not be abandoned without the written consent of both PARTIES. If UTMDACC [or XXXX] anticipates extraordinary PATENT EXPENSES arising from the preparation, filing, prosecution, maintenance or defense of any patent application or patent contemplated by this AGREEMENT, then UTMDACC [or XXXX] will provide XXXX [or UTMDACC] with full details and together the PARTIES will determine a mutually acceptable course of action prior to incurring such expenditures.
- 4.4 Either PARTY may, upon reasonable written notice to the other PARTY, discontinue paying its portion of the PATENT EXPENSES associated with any particular patent application or patent within any national jurisdiction (Discontinuing PARTY). The Continuing PARTY may continue to pay PATENT EXPENSES and in so doing will own all right, title and interest in and to that patent application or patent within such national jurisdiction. The Discontinuing PARTY will have no further rights in and to that particular patent application or patent within such national jurisdiction and will execute any assignments necessary to transfer full title to the Continuing PARTY.

[If the other institution is leading commercialization, consider substituting the following paragraph for Section 4.4: Either PARTY may, upon reasonable written notice to the other PARTY, discontinue paying its portion of the PATENT EXPENSES associated with any particular patent application or patent within any national jurisdiction (Discontinuing

PARTY). The Continuing PARTY may continue to pay PATENT EXPENSES and in so doing will be entitled to retain all LICENSE REVENUE attributable to that patent application or patent within such national jurisdiction. The Discontinuing PARTY will have no further rights in and to LICENSE REVENUE attributable that particular patent application or patent within such national jurisdiction.]

5. LICENSING

UTMDACC [or XXXX] will negotiate and administer all licenses with respect to INVENTION and/or PATENT RIGHTS, which will be made jointly in the name of and executed by both PARTIES. The PARTIES agree to cooperate to commercialize, and license INVENTION and/or PATENT RIGHTS and will keep each other informed of all interest expressed by third parties. Notwithstanding the above, XXXX [or UTMDACC] agrees not to commercialize, utilize, exploit and/or license INVENTION and/or PATENT RIGHTS during the term of this AGREEMENT.

6. EXPENSES, PAYMENTS AND REPORTS

- 6.1 BOARD through UTMDACC [or XXXX] will be responsible for the payment of PATENT EXPENSES and LICENSING EXPENSES. Both PARTIES recognize the other PARTY may incur certain legal expenses regarding INVENTION and/or PATENT RIGHTS with matters pertaining solely to the other institution and not for commercialization of the INVENTION. In such circumstances, such expenses will not be considered PATENT EXPENSES or LICENSING EXPENSES. UTMDACC [or XXXX] will maintain adequate records showing all PATENT EXPENSES and LICENSING EXPENSES incurred, which will be made available to XXXX [or UTMDACC] for inspection upon reasonable written notice.
- 6.2 In accordance with Section 4.4, the Discontinuing PARTY will receive no proceeds from LICENSE REVENUE attributable to a discontinued patent or patent application other than its reimbursement of contributed PATENT EXPENSES, if any. Any LICENSE REVENUE will be first applied to any unreimbursed PATENT EXPENSES and LICENSING EXPENSES incurred by BOARD on behalf of UTMDACC [or XXXX]. After reimbursement of PATENT EXPENSES and LICENSING EXPENSES, UTMDACC [or XXXX] may hold all or a portion of any remaining LICENSE REVENUE in anticipation of future unreimbursed PATENT EXPENSES and LICENSING EXPENSES. In addition, UTMDACC [or XXXX] will retain fifteen percent (15%) of LICENSE REVENUE as a management fee. All remaining LICENSE REVENUE will be distributed as follows: _____ percent (____%) LICENSE REVENUE will be retained by UTMDACC [or XXXX] and _____ percent (____%) will be delivered to XXXX [or UTMDACC] (the Percentage Distribution).
- 6.3 Within forty-five (45) days of receiving LICENSE REVENUE from any licensee, UTMDACC [or XXXX] will provide XXXX [or UTMDACC] with a written report

accounting for the total amount of LICENSE REVENUE received from any licensee, the amount of LICENSE REVENUE to reimburse PATENT EXPENSES and LICENSING EXPENSES, the amount of LICENSE REVENUE to be held in anticipation of future unreimbursed PATENT EXPENSES and LICENSING EXPENSES, the amount of LICENSE REVENUE retained by UTMDACC [or XXXX], and the amount of LICENSE REVENUE due XXXX [or UTMDACC]. Simultaneously with the report's delivery, UTMDACC [or XXXX] will pay or issue to XXXX [or UTMDACC] the amount due XXXX [or UTMDACC]. All cash payments to XXXX will be in U.S. Dollars, by check payable to _____ and sent to:

Attn: _____

6.4 If any portion of LICENSE REVENUE is in the form of equity, all other forms of LICENSE REVENUE received by UTMDACC [or XXXX] will preferentially be used to reimburse PATENT EXPENSES and LICENSING EXPENSES (collectively, the EXPENSES). If the EXPENSES exceed the non-equity LICENSE REVENUE and XXXX [or UTMDACC] desires to obtain its Percentage Distribution of the equity, XXXX [or UTMDACC] shall have the option of paying UTMDACC [or XXXX] an amount equal to its Percentage Distribution of all outstanding EXPENSES in cash in lieu of applying the equity to such expenses, whereupon, XXXX's [or UTMDACC] Percentage Distribution of the equity shall be transferred or issued to XXXX [or UTMDACC]. XXXX [or UTMDACC] must send NOTIFICATION to UTMDACC [or XXXX] in writing (NOTIFICATION) if it elects to receive such equity and pay cash for such PATENT EXPENSES within thirty (30) days of receiving written notice from UTMDACC [or XXXX] of the receipt or pending transfer of equity and UTMDACC's [or XXXX] intent to apply it towards outstanding EXPENSES. If XXXX [or UTMDACC] does not give UTMDACC [or XXXX] NOTIFICATION and provide cash payment within such thirty- (30) day period, UTMDACC [or XXXX] may apply all equity amounts to outstanding PATENT EXPENSES. If XXXX [or UTMDACC] has paid any portion of outstanding PATENT EXPENSES under this Section 6.4 in cash (PREPAID EXPENSES), and additional non-equity LICENSE REVENUE is subsequently received by UTMDACC [or XXXX], then XXXX [or UTMDACC] shall be entitled to be reimbursed in full for said PREPAID EXPENSES out of said non-equity LICENSE REVENUE.

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6.5 If equity has to be valued, it will be calculated as follows: (1) if traded on a securities exchange or the NASDAQ National Market System, the value shall be deemed for all purposes to be the average of the security's last sales price (or if there shall have been no sales, the last bid price) for five consecutive trading days preceding the date such securities are received by UTMDACC [or XXXX]; (2) if actively traded over the counter

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(other than the NASDAQ National Market System), the value shall be deemed for all purposes to be the average of the security's closing bid price for five consecutive trading days preceding the date such securities are received by UTMDACC [or XXXX]; or (3) if there is no active public market, the value shall be the estimated fair value thereof, as determined in XXXX's and UTMDACC's reasonable discretion, taking into consideration the cost of the securities, prices of recent significant placements of securities of the same issuer, any financial data and projections of the company provided to the UTMDACC, and such other factors as XXXX and UTMDACC may deem relevant. Notwithstanding the foregoing, the value of any equity securities under (1) or (2) above that are subject to a restriction impairing the free marketability thereof shall be determined by making an appropriate discount, as determined in XXXX's and UTMDACC's reasonable discretion, to the valuation determined under (1) or (2) to reflect the effect on the value of the restrictions on marketability.

- 6.6 XXXX [or UTMDACC] will have the right to hire an independent, certified public accountant reasonably acceptable to UTMDACC [or XXXX] to audit financial records relating to LICENSE REVENUE and/or PATENT EXPENSES at its own expense. Such audits may be exercised during normal business hours upon at least thirty (30) days prior written notice to UTMDACC [or XXXX].
- 6.7 Each PARTY will be solely responsible for calculating and distributing LICENSE REVENUES as specified under its respective patent policy or royalty policy to its respective INVENTOR.

7. TERM AND TERMINATION

- 7.1 The term of this AGREEMENT is from the EFFECTIVE DATE until the PATENT RIGHTS expire, or the date the last license agreement for INVENTION terminates.
- 7.2 Prior to the execution of a license agreement for INVENTION, either PARTY may terminate this AGREEMENT for any reason upon sixty (60) days written notice to the other PARTY.
- 7.3 Nothing herein will be construed to release either PARTY of any obligation maturing prior to the effective date of termination.
- 7.4 Subject to any rights and obligations that survive termination, this AGREEMENT will terminate in its entirety upon ninety (90) days written notice by one PARTY if the other PARTY shall breach or default on any obligation under this AGREEMENT; provided, however, the PARTY in breach or default may avoid such termination if before the end of such ninety- (90) day period the PARTY in breach or default provides notice and written evidence satisfactory to the PARTY not in breach or default that such breach or default has been cured and the manner of such cure.

8. INFRINGEMENT

- 8.1 If either PARTY becomes aware of potential infringement of any PATENT RIGHTS, then that PARTY will notify the other PARTY as soon as possible and the PARTIES agree to discuss and determine how best to end such infringement. If the PARTIES agree to begin an action for patent infringement, then they agree that the reasonable expenses and disbursements paid in connection with such action will be considered PATENT EXPENSES and all monies actually received as a result of the patent infringement action will be considered LICENSE REVENUE. If the PARTIES cannot agree to begin such an action, then either PARTY will have the right to prosecute the patent infringement action, and that PARTY will bear all the expense and be entitled to retain all monies received from such action.
- 8.2 The PARTIES will each use their reasonable best efforts to ensure that JOINT INVENTORS cooperate and supply all assistance reasonably requested in connection with any patent infringement action.
- 8.3 If during a patent infringement action either PARTY decides to discontinue its participation in the action, then the continuing PARTY may pay all future expenses associated with such action and will retain all monies or consideration from such action after first reimbursing any infringement action related expenses incurred by the discontinuing PARTY at a rate equal to the percentage of total expenses contributed by the discontinuing PARTY.

9. CONFIDENTIAL INFORMATION

- 9.1 Subject to the publication rights as set forth in Sections 9.2 and 9.3 hereof, BOARD, UTMDACC, XXXX and JOINT INVENTORS will retain in confidence, and will not disclose to a third party without appropriate confidentiality obligations or the written consent of the other PARTY: (i) INVENTION, (ii) all information in documents marked "confidential" forwarded to one by the other, (iii) all biological materials related to INVENTION, or (iv) any patent application included in PATENT RIGHTS, except to the extent that the recipient PARTY can establish competent written proof that such information:
- (a) was in the public domain at the time of disclosure; or
 - (b) later became part of the public domain through no act or omission of the recipient PARTY, its employees, agents, successors or assigns; or
 - (c) was lawfully disclosed to the recipient PARTY by a third party having the right to disclose it; or
 - (d) was already known by the recipient PARTY at the time of disclosure; or
 - (e) was independently developed by the recipient PARTY without use of the other PARTY'S confidential information; or

(f) is required by law or regulation to be disclosed.

Each PARTY'S obligation of confidence hereunder will be fulfilled by using at least same degree of care with the other PARTY'S confidential information it uses to protect its own confidential information, but at least a reasonable degree of care. This obligation will exist while this AGREEMENT is in force and for a period of 3 years thereafter.

- 9.2 Notwithstanding the provisions of Section 9.1, BOARD, UTMDACC, and XXXX will be free to: (i) publish information relating to INVENTION and/or PATENT RIGHTS in scientific journals, (ii) use INVENTION and/or PATENT RIGHTS in research, teaching and other educationally-related purposes, and (iii) maintain INVENTION and make it available to the nonprofit research community solely for non-commercial research, teaching and other educationally-related purposes, provided that any transfer of INVENTION will be administered by a suitable agreement barring commercial use of INVENTION (i.e., material transfer agreement, confidentiality agreement, etc.).
- 9.3 Nothing herein will preclude BOARD, UTMDACC or XXXX from making reports or disclosures as required by any organizations which provided funding that resulted in the creation of all or a part of INVENTION and/or PATENT RIGHTS.

10. GENERAL

- 10.1 Neither PARTY will use the name of BOARD, XXXX, UTMDACC, SYSTEM or JOINT INVENTORS without express written consent.
- 10.2 This AGREEMENT will not be assigned by either PARTY without the prior written consent of the other PARTY.
- 10.3 This AGREEMENT constitutes the entire and only agreement between the PARTIES for INVENTION and PATENT RIGHTS and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by a written document signed by both PARTIES.
- 10.4 Any notice required by this AGREEMENT must be given by facsimile transmission confirmed by personal delivery (including delivery by reputable messenger services such as Federal Express) or by prepaid, first class, certified mail, return receipt requested, addressed in the case of BOARD to:

The University of Texas M. D. Anderson Cancer Center
Office of Technology Commercialization
7515 South Main, Suite 490, Unit 0510
Houston, Texas 77030

ATTENTION: Christopher C. Capelli, M.D.

or in the case of XXXX to:

ATTENTION: _____

or other addresses as may be given from time to time under the terms of this notice provision.

- 10.5 Both PARTIES agree to comply with all applicable national, state and local laws and regulations in connection with its activities pursuant to this AGREEMENT.
- 10.6 Failure of a PARTY to enforce a right under this AGREEMENT will not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.
- 10.7 Headings are included herein for convenience only and shall not be used to construe this AGREEMENT.
- 10.8 If any part of this AGREEMENT is for any reason found to be unenforceable, all other parts nevertheless remain enforceable.
- 10.9 **This AGREEMENT will be construed and enforced in accordance with the laws of the United States of America and of the State of Texas. The Texas State Courts of Harris County, Texas (or, if there is exclusive federal jurisdiction, the United States District Court for the Southern District of Texas) shall have exclusive jurisdiction and venue over any dispute arising out of this AGREEMENT, and XXXX consents to the jurisdiction of such courts. However, nothing herein shall be deemed as an agreement by UTMDACC or SYSTEM to waive its sovereign immunity.**

IN WITNESS WHEREOF, PARTIES hereto have caused their duly authorized representatives to execute this AGREEMENT.

BOARD OF REGENTS OF THE
UNIVERSITY OF TEXAS SYSTEM

XXXX

By _____

John Mendelsohn, M.D.
President
M. D. Anderson Cancer Center

Date: _____

By _____

Name: _____

Title: _____

Date: _____

THE UNIVERSITY OF TEXAS
M. D. ANDERSON CANCER CENTER

By _____

Leon Leach
Executive Vice President
M. D. Anderson Cancer Center

Date: _____

Approved as to Content:

By _____

Christopher C. Capelli, M.D.
Vice President, Technology Transfer
M. D. Anderson Cancer Center

Date: _____