



INTELLECTUAL PROPERTY RIGHTS TERMS AND CONDITIONS

As a not-for-profit organization, the Pac-12 Conference believes it has the responsibility to adopt policies and practices that enhance the likelihood that potentially beneficial discoveries and inventions will be exploited to the benefit of humankind. It is the desire of the Conference that such inventions be administered in such a manner that they are brought into public use at the earliest possible time. The Conference recognizes that often this may be best accomplished through patenting and/or licensing of such inventions. Accordingly, the Conference has adopted the following patent policy that is binding on all Grantees for whom the applicable patent policies of the federal government shall apply. Acceptance of a grant from the Conference constitutes acceptance of the terms and conditions of this policy. It is a goal of the Conference that the terms and conditions of this policy not conflict with the established patent policy of Grantee.

A. All notices required pursuant to this policy shall be in writing, and in this policy, the following terms shall have the meaning set forth below.

- i. "Invention" shall mean any potentially patentable discovery, material, method, process, product, program, software or use.
- ii. "Funded Invention" shall mean any Invention conceived and reduced to practice in the performance of research funded in whole or in part by this Conference grant.
- iii. "Public Disclosure" shall mean any publication, presentation, offer for sale or any activity that would affect the patentability of the invention under 35 USC. § 102 or 103.
- iv. "Net Income" shall mean gross income received by Grantee in respect of a Funded Invention less inventor and institutional distributions in accordance with Grantee policy, which may include the dollar equivalent of Grantee's foregone indirect costs, payments to joint holders of Funded Invention, and unreimbursed directly assignable out-of-pocket expenses resulting from patenting and licensing for Funded Invention.

B. Grantee shall notify the Conference of each Funded Invention made by Grantee promptly after the disclosure of the Funded Invention to Grantee's Technology Transfer Office or the equivalent thereof. Grantee shall promptly determine whether it desires to seek patent or other statutory protection for all Funded Inventions promptly after each Funded Invention is made and shall promptly inform the Conference of all decisions to seek or not seek such protection. The Conference shall have the right to direct Grantee to seek patent or other

statutory protection, at the Conferences expense, for any Funded Invention in any country where Grantee has indicated it does not intend to seek protection or has failed to file an application for such protection within six (6) months after disclosure of the Funded Invention to the Conference, and, upon the Conferences request, Grantee shall file for patent protection for Funded Invention in such countries as directed by Conference at the Conferences expense.

C. Grantee shall promptly notify the Conference of the filing and issuance or grant of any application for a patent or other statutory rights for a Funded Invention and shall keep the Conference reasonably informed of the status and progress of all such applications. Grantee shall pay all costs and expenses incident to all applications for patents or other statutory rights and all patents and other statutory rights that issue thereon owned by Grantee (other than as provided for in Sections B or C). Grantee shall also notify the Conference at least sixty (60) days in advance of Grantee's intention to abandon any application for a patent or other statutory right for a Funded Invention or not to take action required to maintain any such application or any patent or other statutory right in a Funded Invention, in which event, at the request of the Conference, Grantee shall continue patent protection for Funded Invention as directed by Conference at the Conferences expense (unless maintenance of such patent rights is inconsistent with Grantee's good name).

D. Each of the Conference and Grantee (the appropriate Grantee technology transfer officer managing Funded Invention) shall promptly inform the other of any suspected infringement of any patent covering a Funded Invention and of any misappropriation, misuse, theft or breach of confidence relating to other proprietary rights in a Funded Invention. Grantee and Conference will discuss in good faith further action to be taken in this regard.

E. Grantee shall notify the Conference within thirty (30) days of grant of a license, lease, or other revenue generating agreement involving a Funded Invention. In the event that Grantee fails to license a Funded Invention within five (5) years from the issuance of a patent for the Funded Invention and the Grantee has determined no viable means of commercialization for Funded Invention, Grantee shall license the Funded Invention, with the right to sublicense, to the Conference (under standard Grantee license terms on a royalty free basis). However, should the Conference receive any revenue from sublicensing the Funded Invention, it will share that revenue with Grantee on a mutually acceptable basis.

F. Grantee will license a Funded Invention in accordance with Grantee Policy and established practices.

G. Net income:

i. The Conference waives the receipt of income until the Net Income from the Funded Invention exceeds \$500,000.

ii. Once the Net Income from a Funded Invention exceeds \$500,000, Grantee shall pay the Conference annually a percentage of the Net Income from the Funded Invention

that is proportionate to the Conferences proportion of the financial support for the research that resulted in the Invention. Such royalty payment shall be accompanied by an appropriate statement of account detailing the amount and showing the calculation of Net Income received by Grantee during the preceding year. The Conference shall have the right to audit the Grantee's books and records annually, in order to verify the Net Income derived annually from any Funded Invention.

iii. The percentage of Net Income due the Conference from a Funded Invention shall be determined by the parties within 90 days of the date the Conference is notified by the Grantee (to be extended by mutual agreement of both parties) pursuant to Section E above of the grant of a license, lease or other revenue generating agreement involving the Funded Invention.

If the parties are unable to agree on the percentage of Net Income payable to the Conference or any amount owed to Grantee pursuant to Paragraph E above, the dispute (the "Dispute") shall be resolved as follows:

One of the parties shall request (the "Negotiation Request") that each of the parties appoint a designated executive management representative to meet for the purpose of endeavoring to resolve such Dispute. The designated executive representatives, who shall not have been directly involved in the initial negotiations, shall discuss the Dispute and negotiate in good faith in an effort to seek a resolution. During the course of such negotiation, all reasonable requests made by one party to the other for information will be honored so that each of the parties may be fully advised regarding the Dispute. If the designated executive representatives are unable to resolve the Dispute within 30 days after the Negotiation Request, the parties shall mediate the Dispute with a mutually acceptable mediator within the 30-day period beginning 31 days after the Negotiation Request. If the Dispute is not resolved by mediation within 60 days after the Negotiation Request, either party may initiate arbitration by delivering an arbitration demand to the other party (initiator of arbitration will travel to venue of other party), and the Dispute shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), except that

(a) there shall be one arbitrator mutually agreed upon by both parties within 30 days after initiation of arbitration and if the parties are unable to agree upon an arbitrator, the arbitrator shall be appointed by AAA;

(b) neither party may submit more than 20 interrogatories, including subparts;

(c) neither party shall be entitled to take more than two depositions and no deposition shall last more than two hours;

(d) all discovery shall be concluded within 90 days of serving the arbitration demand;

(e) each party shall bear its own costs and expenses and attorney's fees and an equal share of the arbitrator fees and any administrative fees of the arbitrator; and

(f) arbitration shall not be utilized if Grantee is prohibited by law from submitting itself to binding arbitration.

The award of the arbitrator shall be binding, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

Please note that the Pac-12 Conference is unable to renegotiate the terms of this agreement with any individual institution.