

COOPERATIVE AGREEMENT AWARD

The Science and Technology (S&T) Directorate hereby awards Cooperative Agreement Number 06-G-027 to:

WYLE LABORATORIES, INC.
Warminster, Pennsylvania

in the amount of \$552,000.00 to pursue the research described in Proposal Number 06-P-0026, submitted by Wyle Laboratories, Inc. ("grantee" or "recipient"), entitled: "Canine (K9) Mass Transit Remote Sensor System," under the direction of the Principal Investigator: Mr. Joseph Reiter, telephone number: (215) 672-3200, ext. 364. The **Performance/Budget Period** shall be for 12 months from the effective date of this Agreement: September 29, 2006 through September 28, 2007.

The S&T technical monitor for this Agreement is: James Remer, TSL-100, telephone number (609) 813-2729. The FAA Grant analyst is: Barbara Fuller, AJP-7550, telephone number (609) 485-4919.

S&T awards this Agreement in accordance with the Homeland Security Act of 2002 P.L. 107-296, 6 U.S.C. 188(b)(1)(C) and subject to the following terms and conditions, which are hereby incorporated into this Agreement:

- a. the original proposal submitted by the Grantee, dated July 14, 2006, and revised on September 27, 2006;
- b. the budget for the research, as proposed by the Grantee;
- c. all obligations and responsibilities imposed by statute or regulation, or both, on Grantee's, whether or not explicitly stated in the Office of Management and Budget (OMB) Circulars, located at <http://www.omb.gov>.
- d. title to all equipment will vest with the Government unless title is waived after a case-by-case review at the request of the Government or the Grantee,
- e. the S&T Agreement General Condition 1 (See Page 8);
- f. the S&T Addendum (See Page 10); and
- g. the following special conditions applicable to this Award:
 1. **Parties to the Agreement:** S&T, a modal administration of the Department of Homeland Security (DHS), United States Government and Wyle Laboratories, located in Warminster, Pennsylvania.

2. **Effective Date:**

Performance/Budget Period:

1. The Performance Period shall be for one year from the effective date of this Agreement: September 29, 2006 through September 28, 2007, unless extensions have been approved, contingent on acceptable performance of submitted projects and approved DHS amendments.
2. The Grantee shall only incur costs or obligate funds within the Project Period for approved activities.
3. **Objective:** Research and development of a unique prototype system that would enable a first responder to perform a remote threat assessment of the situation via a trained canine equipped with a multi-sensor guidance and monitoring system.
4. **Extension Request:** Extensions to the performance period can only be authorized in writing by the Grants Officer with the concurrence of the Technical Monitor. Requests for time extensions to the performance period will be considered but will not be granted automatically and must be supported by adequate justification to be processed. The justification is a written explanation of the reason or reasons for the delay; an outline of remaining funds available to support the extended performance period; and a description of performance measures necessary to complete the project. Without performance and financial status reports current and justification submitted, extension requests shall not be processed. Further, DHS has no obligation to provide additional funding as a result of an extension.
5. **Termination:** Either the Grantee or DHS may terminate this award by giving written notice to the other party at least thirty (30) calendar days prior to the effective date of the termination. All notices are to be transmitted via registered or certified mail, return receipt requested. The Grantee's authority to incur new costs will be terminated upon arrival of the date of receipt of the letter or the date set forth in the notice. Any costs incurred up to the earlier of the date of the receipt of the notice or the date of termination set forth in the notice will be negotiated for final payment. Closeout of the Grant Award will be commenced and processed as under OMB Circular A-110.
6. **Return of Funds:** In the event of termination or expiration of this Grant, any funds which have been advanced to the Grantee by DHS and which (1) have not been spent or obligated by the Grantee for allowable expenses prior to the date of termination, and (2) are not reasonably necessary to cover termination expenses shall be

returned to DHS. Any DHS funds, which have been advanced and expended for allowable costs, shall not be returned to DHS, and the Grantee shall have no liability or obligation.

7. DHS/GRANTEE Involvement:

A significant amount of collaborative effort is planned between the awardee, Wyle Laboratories, and the Transportation Security Laboratory (TSL). This cooperative Research, Development, Test and Evaluation will focus in a number of areas as follows:

1. Canine Olfaction Research : TSL and the Transportation Security Administration(TSA) have developed programs of recognized longstanding excellence in Canine Olfaction. It would be anticipated that there would be a significant amount of TSA/TSL consulting expertise that would be brought to bear on the myriad of problems faced in training the canines, defining/planning the research, as well as guiding the field experiments, and interpreting the data and results which emanated from the experimental tasks.
2. Mass Transit Provider Relationships and Enabling Documents: Key to successful completion of this Agreement is the establishment of a collaborative relationship with a real-work mass transit operator. The TSL has nurtured relationships over the years with a number of potential providers of this venue. Potential candidates would include the Port Authority of New York and New Jersey, or the San Diego California Mass Transit Agency. A key to the finalization of the test site would of necessity include the active participation of TSL personnel in the negotiations leading up to the site selection and joint review/processing of enabling agreements such as Memoranda of Understanding between the DHS and the site provider. Additionally, significant collaborative involvement is anticipated on other areas, such as continuing maintenance of the researcher/provider/government relationship, and the troubleshooting and correction of impediments which inevitably occur in the course of conducting on-site tests.
3. Command Control Communications Computers and Intelligence(C4I) Linkages : A prime purpose of the proposed research is to develop and test the use of remote data command, control and communications technologies in the context of a simulated real-world terrorist incident . This would provide insights into the advantages to be gained by remotely making data normally seen only by first responders available to command authorities at a C4I Center. In order to more properly assess the validity of this hypothesis, the mass transit operator and the DHS/TSL plan to enter into a more formal agreement to link up their respective Centers/Laboratories in a semi-permanent voice and data communications network for the conduct of the planned on-site testing, as well

as for future collaborations. The establishment of this network will require the dedication of considerable time and effort in a cooperative sense on the part of all parties, particularly the Wyle Labs team, and the DHS/TSL C4I Lab Team.

It is understood that a final report will be submitted to the technical monitor, with a copy to the grant analyst, at the completion of this Grant. Please note if it is a Final Report or a Draft Final Report that requires editing. When “Final”, please submit in electronic portable document format (PDF) either on disk or by e-mail to barbara.fuller@faa.gov and james.remer@dhs.gov.

APPROPRIATION AND FUNDS CERTIFICATION

NONEE000-000-6X-20-01-06-000-03-03-0000-00-00-00-00-GE-AP-41-02-NJE000
= \$ 552,000.00

In compliance with Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," S&T Research Grants have been assigned Catalog of Federal Domestic Assistance Number 97.069.

Other General Conditions of the Award are as Follows:

- A. Buy America: The Grantee, subrecipients and contractors receiving funds from this award are encouraged to comply with the Buy American Act (41 U.S.C. 10a et seq.) unless it is determined that it is inconsistent with the public interest, impracticable to comply with such a requirement or that it would unreasonable increase the cost of articles, materials, or supplies.
- B. Cargo Preference: The Grantee agrees that it will comply with the Cargo Preference Act of 1954 (46 U.S.C. 1241), as implemented by Department of Transportation regulations at 46 CFR 381.7, which require that at least 50 percent of equipment, materials or commodities procured or otherwise obtained with U.S. Government funds under this award, and which may be transported by ocean vessel, shall be transported on privately owned U.S.-flag commercial vessels, if available.
- C. Environmental: Comply with applicable provisions of the Clean Air Act (42 U.S.C. 7401, et seq.) and Clean Water Act (33 U.S.C. 1251, et. seq.), as implemented by Executive Order 11738 [3 CFR, 1971-1975 comp., p. 799] and Environmental Protection Agency (EPA) rules at 40 CFR Part 15. In accordance with the EPA rules, the Grantee further agrees that it will:
 - a. Not use any facility on the EPA's List of Violating Facilities in performing any award that is nonexempt under 40 CFR 15.5 (awards of less than \$100,000, and certain other awards, exempt from the EPA regulations), as long as the facility remains on the list.

- b. Notify the Grants Officer if it intends to use a facility in performing this award that is on the List of Violating Facilities or that the Grantee knows has been recommended to be placed on the List of Violating Facilities.

D. Identify to the Grants Officer any impact this award may have on:

- a. The quality of the human environment, and provide help the agency may need to comply with the National Environmental Policy Act (NEPA, at 42 U.S.C. 4321, et seq.) and to prepare Environmental Impact Statements or other required environmental documentation. In such cases, the Grantee agrees to take no action that will have an adverse environmental impact (e.g., physical disturbance of a site such as breaking of ground) until the agency provides written notification of compliance with the environmental impact analysis process.
- b. Coastal barriers, and provide help the agency may need to comply with the Coastal Barriers Resource Act (16 U.S.C. 3501, et seq.), concerning preservation of barrier resources.
- c. Any existing or proposed component of the National Wild and Scenic Rivers system, and provide help the agency may need to comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271, et seq.).

E. Fly America Act: Preference for U.S. Flag Air Carriers: Travel supported by U.S. Government funds under this award shall use U.S.-flag air carriers (air carriers holding certificates under 49 U.S.C. 41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B138942.

F. Other Provisions: This award and any program assisted thereby are subject to the provisions of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the regulations issued pursuant thereto and the Assurance of Compliance which the Grantee has filed with DHS. No person on the basis of race, color, national origin, or handicap shall be excluded from participation in, be denied benefits of, or otherwise be subjected to discrimination under the award. In addition, if the project involves an education activity or program, as defined by Title IX of the Education Amendments of 1972 (20 U.S.C. 1681-1686), no person on the basis of sex shall be excluded from participation in the project. Further, by acceptance of the award, the Grantee assures the DHS that it will comply with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and the Americans with Disabilities Act of 1990 (42 U.S.C. 12101-12213). Further:

- A. The Grantee shall obtain from each organization that applies to be or serves as a subrecipient, subgrantee or subcontractor under the award (for other than the

provision of commercially available supplies, materials, equipment or general support services) an Assurance of Compliance with Title VI of the Civil Rights Act of 1964. Civil Rights Act assurances may be filed with the Grantee in one of two ways:

1. By written notification that the appropriate Assurance of Compliance form has been executed and filed either with DHS or the U.S. Department of Health and Human Services; or
2. The Grantee shall obtain assurances pursuant to Section 504 of the Rehabilitation Act of 1973, as amended, from subrecipients by incorporating into the subagreement a provision that acceptance of the subagreement constitutes assurance.

B. The Grantee agrees to comply with the Age Discrimination Act of 1975 (42 U.S.C. 6101 et. seq.) as implemented by the Department of Health and Human Service regulations at 45 CFR 90. In the event the Grantee passes on DHS financial assistance to subrecipients, this provision shall apply to the subrecipients, and the instrument under which the Federal financial assistance is passed to the subrecipient shall contain a provision identical to this provision.

G. Non-Disclosure Agreements. The Grantee shall require all employees and subrecipients of the award to sign a non-disclosure agreement (NDA) to protect against the misuses of information developed, generated, or distributed under this award. In the event that information is divulged in violation of the terms of the NDA, the Grantee will immediately notify DHS of the same and take appropriate law enforcement and legal action.

H. Publications: The recipient shall not develop or disseminate any publications as a result of this project unless prior written approval is obtained from the Grants Officer. Should the Grants Officer approve a publication, the following must be included:

In compliance with Section 623 of the Treasury, Postal Service, and General Government Appropriations Act, 1993, and reenacted in Section 621 of the fiscal year 1994 Appropriations Act requires that all Grantee's disclose the amount and percentage of Federal funding and funding from non-governmental sources when making public announcements about Federally-funded projects in the amount of \$500,000 or more.

I. Security Requirements:

1. All work performed and information resulting there from, under this award shall be protected through Grantee's (and subrecipients of this award) DHS-approved security procedures, unless otherwise **specified in writing** by DHS.

2. The Grantee and subrecipients of the award shall use their own security procedures and protections to protect information developed, generated or distributed under this award, including but not limited to, an NDA. A copy of the security procedures and proposed NDA, shall be submitted to DHS for DHS's review and approval within 2 weeks of the award.
3. The Grantee and subrecipients shall ensure that sensitive information be protected in such a manner that it is safeguarded from public disclosure in accordance with applicable state or Federal laws and Grantee and subrecipients DHS-approved security procedures.
4. DHS provided information designated as sensitive but unclassified or For Official Use Only (FOUO) transmitted to the Grantee and subrecipients will be safeguarded in accordance with written security guidance provided by DHS.
5. Transmission of information developed, generated or received by the award shall be transported via secure security methods.

J. Audits.

If applicable, Grantees must follow the audit requirements under OMB Circular No. A-133, Audits for States, Local Governments and Non-Profit Organizations. Non-Federal entities that expend \$500,000 or more of Federal funds in their fiscal year shall have a single or program-specific audit conducted for that year in accordance with the provisions of A-133.

As a grant recipient, you are responsible for providing a copy of all single audit reports to the Federal Audit Clearinghouse. After reviewing the report, if deficiencies are found, a copy will be forwarded to the Department of Transportation Office of Inspector General who will then forward a copy to DHS.

Please review this document to ensure that you concur with its conditions. We will consider the conditions accepted if we do not receive comments from you within 30 days of the signature on this document.

AWARDED BY:

Signature/Date

Barbara B. Fuller
FAA Grants Officer
Acquisition, Materiel and Grants Team, AJP-7550

RESEARCH GRANT AWARD GENERAL CONDITION 1

PAYMENT PROCEDURES.

Advance Payments. Funds will be advanced through the U.S. Department of Health and Human Service (HHS)/Payment Management System (SMARTLINK), provided the Grantee maintains and demonstrates the willingness and ability to minimize the time elapsing between the transfer of funds from the DHS and expenditure/disbursement by the Grantee. If these requirements are not met, the Grantee will be required to be on a reimbursement for costs incurred method.

Grantee's must submit copies of: (1) written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient, and (2) financial management systems that meet the standards for fund control and accountability as provided in OMB-A-110, Subpart C, Financial and Program Management, Para 21. Cash advances to a Grantee organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the Grantee organization in carrying out the purpose of the approved project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the Grantee for direct project costs and the proportionate share of any allowable indirect costs. The attached addendum identifies the breakdown of shared costs between the Government and the Grantee.

Advances of Federal funds shall be deposited and maintained in insured accounts whenever possible. Grantees shall maintain advances of Federal funds in interest bearing accounts, unless (1), (2) or (3) apply.

- 1) The Grantee receives less than \$120,000.00 in Federal awards per year.
- 2) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250.00 per year on Federal cash balances.
- 3) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

Further, the following Financial Reports will be required, as follows:

- A. Financial Status Report: The Grantee shall submit financial reports (SF 269, Financial Status Report) to the Grants Officer within 30 days after end of each calendar quarter. Reports are due January 31, April 30, July 31 and October 31.
- B.. Federal Cash Transaction Report: The Grantee shall submit the required SF 272, Cash Transaction Report to the Payment Management System, HHS with a copy to the Grants Officer. These reports are due May 15, August 14, November 14 and February 14.

- C. Final Financial Status Report: The Grantee shall submit the Final Financial Status Report, SF 269, to the Grants Officer within 90 days after the expiration date of the performance period.

As noted, S&T utilizes HHS to allow grantees to draw down funds. Request for funds relative to this award will be through the Division of Payment Management (DPM). The DPM is an automated system. When your account is established, you may request funds (advance or reimbursement) typically on one day and receive the funds in your bank account the next day.

To establish your account, please complete the enclosed SF-1199A form and the Contact Information Sheet. Instructions for completing the SF-1199A are also enclosed. Should you have questions concerning the forms or the process, please contact Jamie Hutchinson, Administrative Specialist, at 202-447-5609.

The completed SF-1199A (with your Bank section completed) and the Contact Information Sheet should be mailed to the following address:

Department of Homeland Security
ATTN: Office of the Chief Procurement Officer
Jamie Hutchinson, Room 3069, (Tele #202-447-5609)
245 Murray Lane, SW, Building 410
Washington, DC 20528

ADDENDUM

INTELLECTUAL PROPERTY RIGHTS

The parties agree to the following stipulations regarding technology (software or otherwise) which may be developed as a consequence of this Grant.

Section A. Copyrights.

1. You may publish, or otherwise exercise your copyright in, any work first produced under this award unless the work includes any information that is otherwise controlled by the Government (e.g. classified information or other information subject to national security or export control laws or regulations). For any scientific, technical, or other copyrighted work based on or containing data first produced under this award, including those works published in academic, technical or professional journals, symposia proceedings, or similar works, you grant the Government a royalty-free, nonexclusive and irrevocable license to reproduce, display, distribute copies, perform, disseminate, or prepare derivative works, and to authorize others to do so, for Government purposes in all such copyrighted works.
2. You shall affix the applicable copyright notices of 17 U.S.C. 401 or 402, and an acknowledgment of Government sponsorship (including award number) to any work first produced under this award.

Section B. Patents and inventions.

Patent Rights (Small Business Firms and Nonprofit Organizations)

(a) Definitions:

- (1) *Invention* means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code, or any novel variety of plant which is or may be protected under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.).
- (2) *Subject invention* means any invention of the contractor or grantee conceived or first actually reduced to practice in the performance of work under this award, provided that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act, 7 U.S.C. 2401(d)) must also occur during the period of grantee performance.
- (3) *Practical Application* means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.
- (4) *Made when used in relation to any invention* means the conception or first actual reduction to practice of such invention.
- (5) *Small Business Firm* means a small business concern as defined at section 2 of Pub. L. 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standards for small

business concerns involved in Government procurement and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, will be used.

(6) *Nonprofit Organization* means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c) and exempt from taxation under section 501(a) of the Internal Revenue Code (25 U.S.C. 501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.

(b) Allocation of Principal Rights:

The Grantee may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the Grantee retains title, the Federal Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

(c) Invention Disclosure, Election of Title and Filing of Patent Application by Grantee:

(1) The Grantee will disclose each subject invention to the Federal Agency within 2 months after the inventor discloses it in writing to Grantee personnel responsible for patent matters. The disclosure to the agency shall be in the form of a written report and shall identify the Grant or Cooperative Agreement under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding to the extent known at the time of the disclosure, of the nature, purpose, operation, and the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to the agency, the Grantee will promptly notify the agency of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the Grantee.

(2) The Grantee will elect in writing whether or not to retain title to any such invention by notifying the Federal agency within two years of disclosure to the Federal agency. However, in any case where publication, on sale or public use has initiated the 1 year statutory period wherein valid patent protection can still be obtained in the United States, the period for election of title may be shortened by the agency to a date that is no more than 60 days prior to the end of the statutory period.

(3) The Grantee will file its initial patent application on a subject invention to which it elects to retain title within one year after election of title or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The Grantee will file patent applications in additional countries or international patent offices within either 10 months of the corresponding initial patent application or 6 months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

(4) Requests for extension of the time for disclosure, election, and filing under subparagraphs (1), (2), and (3) may, at the discretion of the agency, be granted.

(d) Conditions When the Government May Obtain Title:

The Grantee will convey to the Federal agency, upon written request, title to any subject invention --

- (1) If the Grantee fails to disclose or elect title to the subject invention within the times specified in (c), above, or elects not to retain title; provided that the agency may only request title within 60 days after learning of the failure of the Grantee to disclose or elect within the specified times.
- (2) In those countries in which the Grantee fails to file patent applications within the times specified in (c) above; provided, however, that if the Grantee has filed a patent application in a country after the times specified in (c) above, but prior to its receipt of the written request of the Federal agency, the Grantee shall continue to retain title in that country.
- (3) In any country in which the Grantee decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding on, a patent on a subject invention.

(e) Minimum Rights to Grantee and Protection of the Grantee Right to File:

- (1) The Grantee will retain a nonexclusive royalty-free license throughout the world in each subject invention to which the Government obtains title, except if the Grantee fails to disclose the invention within the times specified in (c), above. The Grantee's license extends to its domestic subsidiary and affiliates, if any, within the corporate structure of which the Grantee is a party and includes the right to grant sublicenses of the same scope to the extent the Grantee was legally obligated to do so at the time the Grant was awarded. The license is transferable only with the approval of the Federal agency except when transferred to the successor of that party of the contractor's business to which the invention pertains.
- (2) The Grantee's domestic license may be revoked or modified by the funding Federal agency to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions at 37 CFR part 404 and agency licensing regulations (if any). This license will not be revoked in that field of use or the geographical areas in which the Grantee has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of the funding Federal agency to the extent the Grantee, its licensees, or the domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.
- (3) Before revocation or modification of the license, the funding Federal agency will furnish the Grantee a written notice of its intention to revoke or modify the license, and the Grantee will be allowed 30 days (or such other time as may be authorized by the funding Federal agency for good cause shown by the Grantee) after the notice to show cause why the license should not be revoked or modified. The Grantee has the right to appeal, in accordance with applicable regulations in 37 CFR part 404 and agency regulations (if any) concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of the license.

(f) Grantee Action to Protect the Government's Interest:

(1) The Grantee agrees to execute or to have executed and promptly deliver to the Federal agency all instruments necessary to:

- (i) establish or confirm the rights the Government has throughout the world in those subject inventions to which the Grantee elects to retain title, and
- (ii) convey title to the Federal agency when requested under [paragraph \(d\)](#) above and to enable the government to obtain patent protection throughout the world in that subject invention.

(2) The Grantee agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Grantee each subject invention made under Grant or Cooperative Agreement in order that the Grantee can comply with the disclosure provisions of [paragraph \(c\)](#), above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure format should require, as a minimum, the information required by [\(c\)\(1\)](#), above. The Grantee shall instruct such employees through employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(3) The Grantee will notify the Federal agency of any decisions not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response period required by the relevant patent office.

(4) The Grantee agrees to include, within the specification of any United States patent applications and any patent issuing thereon covering a subject invention, the following statement, "This invention was made with Government support under (identify the grant or cooperative agreement) awarded by (identify the Federal agency). The Government has certain rights in the invention."

(5) The Grantee agrees to provide a final invention statement and certification prior to the close-out listing all subject inventions or stating that there were none.

(6) The Grantee will provide the patent application filing date, serial number and title; copy of the page of the patent application with the statement identified in [\(4\)](#) above (and upon request, a copy of the patent application); and patent number and is due date for any subject invention in any country in which the Grantee institution has applied for patent.

(g) Subcontracts:

(1) The Grantee will include this clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental or research work to be performed by a small business firm or domestic nonprofit organization. The subcontractor will retain all rights provided for the Grantee in this clause, and the Grantee will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions.

(2) The Grantee will include in all other subcontracts, regardless of tier, for experimental developmental or research work the patent rights clause required by (cite section of agency implementing regulations or FAR).

(3) In the case of subcontracts, at any tier, when the prime award with the Federal agency was a contract (but not a grant or cooperative agreement), the agency, subcontractor, and the contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and the Federal agency with respect to the matters covered by the clause; provided, however, that nothing in this paragraph is intended to confer any jurisdiction under the Contract Disputes Act in connection with proceedings under [paragraph \(j\)](#) of this clause.

(h) Reporting on Utilization of Subject Inventions:

The Grantee agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the Grantee or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Grantee, and such other data and information as the agency may reasonably specify. The Grantee also agrees to provide additional reports as may be requested by the agency in connection with any march-in proceeding undertaken by the agency in accordance with [paragraph \(i\)](#) of this clause. As required by 35 U.S.C. 202(c)(5), the agency agrees it will not disclose such information to persons outside the Government without permission of the Grantee.

(i) Preference for United States Industry:

Notwithstanding any other provision of this clause, the Grantee agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject inventions in the United States unless such person agrees that any products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by the Federal agency upon a showing by the Grantee or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

(j) March-in Rights:

The Grantee agrees that with respect to any subject invention in which it has acquired title, the Federal agency has the right in accordance with the procedures in 37 CFR 401.6 and any supplemental regulations of the agency to require the Grantee, an assignee or exclusive licensee of a subject invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the Grantee, assignee, or exclusive licensee refuses such a request the Federal agency has the right to grant such a license itself if the Federal agency determines that:

- (1) Such action is necessary because the Grantee or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use.
- (2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Grantee, assignee or their licensees;
- (3) Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Grantee, assignee or licensees; or

(4) Such action is necessary because the agreement required by [paragraph \(i\)](#) of this clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

(k) Special Provisions for Contracts with Nonprofit Organizations:

If the Grantee is a nonprofit organization, it agrees that:

- (1) Rights to a subject invention in the United States may not be assigned without the approval of the Federal agency, except where such assignment is made to an organization which has as one of its primary functions the management of inventions, provided that such assignee will be subject to the same provisions as the Grantee;
- (2) The Grantee will share royalties collected on a subject invention with the inventor, including Federal employee co-inventors (when the agency deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;
- (3) The balance of any royalties or income earned by the Grantee with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, will be utilized for the support of scientific research or education; and
- (4) It will make efforts that are reasonable under the circumstances to attract licensees of subject invention that are small business firms and that it will give a preference to a small business firm when licensing a subject invention if the Grantee determines that the small business firm has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to practical application as any plans or proposals from applicants that are not small business firms; provided, that the Grantee is also satisfied that the small business firm has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the Grantee. However, the Grantee agrees that the Secretary may review the Grantee's licensing program and decisions regarding small business applicants, and the Grantee will negotiate changes to its licensing policies, procedures, or practices with the Secretary when the Secretary's review discloses that the Grantee could take reasonable steps to implement more effectively the requirements of this [paragraph \(k\)\(4\)](#).

(l) Communication:

All NIH-related disclosures, elections, confirmatory licenses to the government, face page of a patent application, waivers, and other routine communications should be sent to:

National Institutes of Health
 Chief, Extramural Inventions and Technology Resources Branch
 6705 Rockledge Drive, Room 1140A
 MSC 7980
 Bethesda, MD 20892-7980
 (301) 435-1986
 Fax: (301) 480-0272

For other awarding components, please follow their instructions. In most cases, invention information and communications should be sent to the Grants Management Officer.

The NIH electronic Edison extramural invention reporting system can be accessed through the Web (<http://era.info.nih.gov/>). This electronic reporting system has been designed to facilitate reporting compliance, timeliness, and reduce paperwork. Edison also has an e-mail address (<mailto:Edison@od.nih.gov>).

Section C. Data rights.

1. General requirement.

1. You grant the Government a royalty-free, nonexclusive and irrevocable license to reproduce, display, distribute copies, perform, disseminate, or prepare derivative works, and to authorize others to do so, for Government purposes in:
 - a. Any data that you first produce under this award and provide to the Government;
 - b. Any data owned by third parties that is incorporated in data provided to the Government under this award; or
 - c. Any data requested in paragraph 2 below, if incorporated in the award.
2. "Data" means recorded information, regardless of form or the media on which it may be recorded.

2. Additional requirement for research awards.

a. **Requirement.** If we believe that we need additional research data that was produced under this award, we will request the research data and you must provide the research data within a reasonable time.

b. **Applicability.** The requirement in paragraph 2.a of this section applies to any research data that are:

- i. Produced under this award, either as a **recipient** or **subrecipient**;
- ii. Used by the Government in developing an agency action that has the force and effect of law; and
- iii. Published, which occurs either when:
 - A. The research data is published in a peer-reviewed scientific or technical journal; or

B. A Federal agency publicly and officially cites the research data in support of an agency action that has the force and effect of law.

c. **Definition of “research data.”** For the purposes of this section, “research data:”

i. Means the recorded factual material (excluding physical objects, such as laboratory samples) commonly accepted in the scientific community as necessary to validate research findings.

ii. Excludes:

- A. Preliminary analyses;
- B. Drafts of scientific papers;
- C. Plans for future research;
- D. Peer reviews;
- E. Communications with colleagues;
- F. Trade secrets;
- G. Commercial information;

H. Materials necessary that a researcher must hold confidential until they are published, or similar information which is protected under law; and

I. Personnel and medical information and similar information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, such as information that could be used to identify a particular person in a research study.

Section D. Copyrights, patents and inventions, and data: requirements for subawards.

You must include in any subaward that you make under this award the Requirements of Sections A, B, and C of this article.