

*Kansas State University (K-State) has developed innovative approaches in regard to industry sponsored research in an effort to bridge the gap between the business needs of companies and the public policy mandates, including IRS regulations, that govern public universities. There are several options, a few of which are outlined below, for industry sponsors to consider that assist in ensuring our industry partners' ability to secure a preferred position in the commercial marketplace, in the event that commercially viable outcomes result from a sponsored research project.**

A. Exclusive Commercial License Option

First option to negotiate an exclusive commercial license to K-State's rights in resulting intellectual property

- Offered through the university's basic Memorandum of Agreement intellectual property terms. (MOA and other templates available at the following link: www.k-state.edu/orsp/preaward/agreements)
- Reflects K-State's standard practice of not charging sponsors an upfront premium for technology access; only requests project funding on a "break-even" basis through the recovery of direct project costs and indirect project costs charged at the reduced federally negotiated indirect cost rate. (Federally capped overhead rate: 50% modified total direct costs; Actual full uncapped overhead rate: 70.05%)
- Reduces sponsors' upfront costs and lowers the initial sponsor investment on exploratory research.
- Affords sponsors the opportunity to defer to project completion the determination of whether resulting technology warrants further investment in the form of additional follow-on applied research or the execution of a commercial license to the patentable technology actually developed.

NOTE: Subsequent license agreements are always negotiated in good faith with terms consistent with industry standards for the technology and with due consideration of the maturity of the subject patentable technology.

B. Non-Exclusive Royalty-Free (NERF) Commercial License

Upfront NERF to resulting intellectual property

- Requires payment of full cost of the research including the payment of all faculty time, full overhead costs at the actual, non-capped rate, and/or the payment of a technology fee to be reinvested by the university into the research program.
- Ensures university compliance with the "in the interest of the public" public purpose litmus test required by IRS regulations.

NOTE: The Kansas State University Institute for Commercialization (KSU-IC) would be involved in this process and K-State's patent management arm, the Kansas State University Research Foundation (KSURF), would become party to the agreement and manage the technology fee payments as applicable. Additional considerations include patent expenses and sublicensing, in the event a patentable technology is developed. This option is dependent on project type and university researcher input.

C. Master Research and Services Agreement

Master Agreement outlining intellectual property terms appropriate for "Research" (research and development) and "Services" (testing and evaluation) projects to govern subsequent statements of work

- Prevents delays caused by re-negotiation for every project collaboration.
- Encourages university-industry strategic partnerships.

D. Royalty Range

Inclusion of a royalty range in the sponsored research agreement for subsequent commercial licenses

- Available if companies' business practices require that they have a range of royalties in order to forecast costs in advance of sponsoring any research.
- Involves KSURF/KSU-IC in the negotiation and execution of the sponsored research agreement.

*Outliers: Testing and evaluation projects that do not involve original creative research on the part of the university researchers are outside the scope of this document as the sponsor of such activities would own test results without further remuneration to the university (see the Testing and Evaluation Services Agreement template at the link provided above). This list of options is a non-exhaustive set of examples. K-State is committed to working with industry to customize agreements to meet both parties' needs for specific projects.