

INDUSTRY QUICK GUIDE WASHINGTON INNOVATION ADVANTAGE PROGRAM



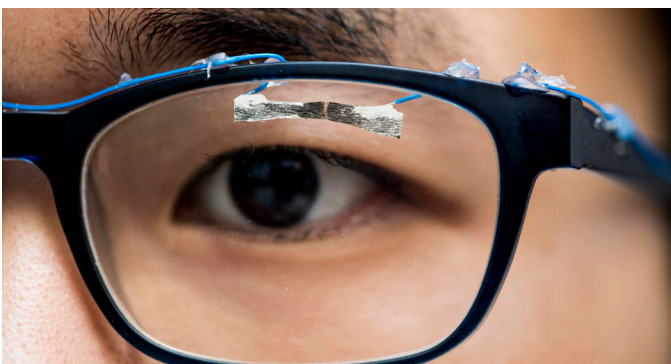
Through the Washington Innovation Advantage Program, the University of Washington offers companies convenient, clearly defined options for licensing intellectual property generated as part of a sponsored project. Industry sponsors can now opt into set financial terms for nonexclusive or exclusive commercial licenses to project IP up front, at the time the agreement is negotiated. Project IP means all IP created within the scope of the efforts on the sponsored project, whether conceived or developed solely by the UW or jointly by the UW and the sponsor. IP created outside the sponsored research agreement is not included in project IP.

BENEFITS

By allowing industry research sponsors to pay a low fixed price up front for commercial licenses to project IP, the Washington Innovation Advantage Program provides the following benefits:

- > Streamlined execution of sponsored project agreements
- > Reduced financial uncertainty for sponsors
- > Greatly reduced time spent on licensing negotiations

The UW believes the Washington Innovation Advantage Program increases transparency and reduces barriers to industry research engagements with the University.



LICENSING OPTIONS

OPTION	DESCRIPTION	COST	HIGHLIGHTS
1. Non-exclusive license	Fixes financial terms for a nonexclusive, commercial license to project IP, without right to sublicense. No diligence terms or required reporting.	5% of the total project cost or \$7,500, whichever is greater, due at the initiation of the project.	<ul style="list-style-type: none">> Known investment> Predefined terms> No IP uncertainty> No diligence terms> No required reporting
2. Exclusive license	Fixes financial terms for an exclusive license to project IP, with right to sublicense, as well as diligence and reporting terms.	10% of the total project cost or \$15,000, whichever is greater (due at the initiation of the project), plus one percent royalty on net sales exceeding \$20 million. Sponsor also pays all costs related to patent filing and maintenance.	<ul style="list-style-type: none">> Known, larger investment> Predefined financial terms> No IP uncertainty
3. Option to negotiate exclusive license	Sponsor receives the right to negotiate a commercial license to project IP on commercially reasonable terms after the intellectual property has been created.	No upfront cost for the option. License fees are negotiated after the IP has been created. Sponsor also pays all costs related to patent filing and maintenance.	<ul style="list-style-type: none">> No upfront fee> No pre-negotiated license terms

Some important points about how the Washington Innovation Advantage Program works:

- > The principal investigator and the UW must opt in to option 1 and option 2.
- > To comply with IRS regulations, option 2 is limited to projects that can be conducted in UW buildings available for private business use.
- > Industry-sponsored projects involving federal funding (e.g. Small Business Innovation Research grants or Small Business Technology Transfer grants) are subject to Bayh-Dole Act limitations.
- > The industry sponsor must select and pay for option 1 or option 2 up front, at the time that the research agreement is established. The UW's CoMotion office will invoice sponsors; fees for the Washington Innovation Advantage Program are nonrefundable.
- > For options 1 and 2, UW's CoMotion office will execute a license agreement with sponsor at the time that an invention is made.

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