

**THE FOLLOWING OPTIONAL PROVISIONS MAY BE SUBSTITUTED IN THE UNIVERSITY OF MINNESOTA PROFESSIONAL SERVICES CONTRACT IN CLAUSE XIII .**

**OPTION 1  
JOINT OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS**

XIII. INTELLECTUAL PROPERTY RIGHTS - Joint ownership of Intellectual Property Rights

- A. INTELLECTUAL PROPERTY RIGHTS: All rights, title, and interest to all intellectual property rights, including all copyrights, patents, trade secrets, trademarks, and service marks in the WORKS and DOCUMENTS, shall be jointly owned by the UNIVERSITY and the STATE. WORKS shall mean all inventions, improvements, or discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes or disks, conceived, reduced to practice, created, or originated by the UNIVERSITY, its employees and subcontractors, either individually or jointly with others, in the performance of this Contract. "DOCUMENTS" shall mean the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether intangible or electronic forms, prepared by the UNIVERSITY, its employees, or subcontractors, in the performance of this Contract. The ownership interests of the STATE and the UNIVERSITY in the WORKS and DOCUMENTS shall equal the ratio of each party's contributions to the total costs described in the Budget of this Contract, except that the STATE's ownership interests in the WORKS and DOCUMENTS shall not be less than \_\_\_ percent (\_\_\_%). The party's ownership interest in the WORKS and DOCUMENTS shall not be reduced by any royalties or revenues received from the sale of the products or the licensing or other activities arising from the use of the WORKS and DOCUMENTS. Each party hereto shall, at the request of the other, execute all papers and perform all other acts necessary to transfer or record the appropriate ownership interests in the WORKS and DOCUMENTS.
- B. OBLIGATIONS:
1. NOTIFICATION: Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time, or actually or constructively reduced to practice by the UNIVERSITY, including its employees and subcontractors, in the performance of this Contract, the UNIVERSITY shall immediately give the STATE's Authorized Representative written notice thereof, and shall promptly furnish the Authorized Representative with complete information and/or disclosure thereon. All decisions regarding the filing of patent, copyright, trademark or service mark applications and/or registrations shall be the joint decision of the UNIVERSITY and the STATE, and costs for such applications shall be divided as agreed by the parties at the time of the filing decisions. In the event the parties cannot agree on said filing decisions, the filing decision will be made by the STATE.
  2. REPRESENTATION: The UNIVERSITY shall perform all acts, and take all steps, necessary to ensure that all intellectual property rights in the WORKS and DOCUMENTS are the sole property of the UNIVERSITY and the STATE as agreed herein, and that no UNIVERSITY employee, agent, or contractor retains any interest in and to the WORKS and DOCUMENTS. The UNIVERSITY represents and warrants that the WORKS and DOCUMENTS do not and shall not infringe upon any intellectual property rights of others. The UNIVERSITY shall indemnify, defend, and hold harmless the STATE, at the UNIVERSITY's expense, from any action or claim brought against the STATE to the extent that it is based on a claim that all or part of the WORKS or DOCUMENTS infringe upon the intellectual property rights of others. The UNIVERSITY shall be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages including, but not limited to, attorney fees. If such a claim or action arises, or in the UNIVERSITY's or the STATE's opinion is likely to arise, the UNIVERSITY shall, at the STATE's discretion, either procure for the STATE the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing WORKS or DOCUMENTS necessary and appropriate to obviate the claim. This remedy shall be in addition to, and not exclusive of, other remedies provided by law.
- C. USES OF THE WORKS AND DOCUMENTS: The STATE and UNIVERSITY shall jointly have the right to make, have made, reproduce, modify, distribute, perform, and otherwise use the WORKS, including DOCUMENTS produced under this Contract ,for noncommercial research, scholarly work, government purposes, and other noncommercial purposes without payment or accounting to the other party. No commercial development, manufacture, marketing, reproduction, distribution, sales or licensing of the WORKS, including DOCUMENTS, shall be authorized without a future written contractual agreement between the parties.

- D. POSSESSION OF DOCUMENTS: The DOCUMENTS may remain in the possession of the UNIVERSITY. The STATE may inspect any of the DOCUMENTS at any reasonable time. The UNIVERSITY shall provide a copy of the DOCUMENTS to the STATE without cost upon the request of the STATE.
- E. SURVIVABILITY: The rights and duties of the STATE and the UNIVERSITY, provided for above, shall survive the expiration or cancellation of this Contract.

**OPTION 2**  
**UNIVERSITY OWNS INTELLECTUAL PROPERTY RIGHTS**  
**AND GRANTS THE STATE A FREE LICENSE**

XIII. INTELLECTUAL PROPERTY RIGHTS - UNIVERSITY OWNS INTELLECTUAL PROPERTIES AND GRANTS THE STATE A FREE LICENCE

- A. INTELLECTUAL PROPERTY RIGHTS: The UNIVERSITY shall own all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the WORKS and DOCUMENTS. WORKS shall mean all inventions, improvements, or discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks, conceived, reduced to practice, created, or originated by the UNIVERSITY, its employees, and subcontractors, either individually or jointly with others, in the performance of this Contract. WORKS shall include the DOCUMENTS. The DOCUMENTS are the originals of any databases, computer programs, reports, notes, or other materials and documents, whether intangible or electronic forms, prepared by the UNIVERSITY, its employees, or subcontractors, in the performance of this Contract. The DOCUMENTS shall be the exclusive property of the UNIVERSITY. The STATE agrees to, and hereby does, assign all rights, title, and interest it may have in the WORKS and the DOCUMENTS to the UNIVERSITY. The STATE shall, at the request of the UNIVERSITY, execute all papers and perform all other acts necessary to transfer or record the UNIVERSITY's ownership interest in the WORKS and DOCUMENTS.
- B. OBLIGATIONS: The UNIVERSITY represents and warrants to the STATE that the WORKS and DOCUMENTS do not and shall not infringe upon any intellectual property rights of others. The UNIVERSITY shall indemnify, defend, and hold harmless the STATE, at UNIVERSITY's expense, from any action or claim brought against the STATE to the extent that it is based on a claim that all or part of the WORKS or DOCUMENTS infringe upon intellectual property rights of others. The UNIVERSITY shall be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages including, but not limited to, attorney fees. If such a claim or action arises, or in the UNIVERSITY's or the STATE's opinion is likely to arise, the UNIVERSITY shall, at the STATE's discretion, either procure for the STATE the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing WORKS or DOCUMENTS as necessary and appropriate to obviate the infringement claim. This remedy of the STATE shall be in addition to and shall not be exclusive to other remedies provided by law.
- C. LICENSE TO STATE: The UNIVERSITY hereby grants to the STATE a perpetual, irrevocable, no-fee right and license to make, have made, reproduce, modify, distribute, perform, and otherwise use the WORKS and DOCUMENTS for any and all purposes, in all forms and manners that the STATE, in its sole discretion, deems appropriate. The UNIVERSITY shall, upon the request of the STATE, execute all papers and perform all other acts necessary, to document and secure said right and license to the WORKS and DOCUMENTS by the STATE. At the request of the STATE, the UNIVERSITY shall permit the STATE to inspect the original DOCUMENTS and provide a copy of any of the DOCUMENTS to the STATE, without cost, for use by the STATE in any manner the STATE, in its sole discretion, deems appropriate.
- D. SURVIVABILITY: The rights and duties of the STATE and the UNIVERSITY, provided for above, shall survive the expiration or cancellation of this Contract.

## OPTIONAL DAMAGE PROVISIONS

Guidelines for using Damages provision:

If timely performance is critical to the STATE, you may wish to consider using one of these optional damage provisions, or seeking legal assistance from the Attorney General's office in drafting an appropriate damage provision. If using one of the below options, please note the following items:

- A. The amount of daily damages must represent a reasonable estimate of the STATE's actual damages. If the figure representing liquidated damages is unreasonable or disproportionate to the STATE's actual damages, the court will likely find the amount to be a penalty and therefore unenforceable.
- B. Use these optional provisions only if you have time-sensitive deliverables with critical dates of delivery. Use one of the below options only if you intend to enforce the provision.
- C. These optional provisions may be inserted as a replacement for Clause III in the standard contract form.

### OPTION 1 LIQUIDATED DAMAGES

- III. LIQUIDATED DAMAGES: Time is of the essence for this Contract and the STATE shall suffer actual damages in the amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) for every day the Contract remains incomplete past the Contract's completion date. Said damages shall be deducted from the payments or reimbursements otherwise due to the UNIVERSITY under this Contract.

### OPTION 2 DAMAGES

- III. DAMAGES: Time is of the essence for this Contract and the STATE will be irreparably harmed if the UNIVERSITY fails to timely deliver the contracted-for services by the completion date(s) specified in the UNIVERSITY's Duties. If such failure occurs, the STATE shall not be required to pay or reimburse the UNIVERSITY for any or all of the work by the UNIVERSITY.