

SUBMISSION FORM

University System/Employee Intellectual Property Joint Participation MUSP 407

This form is to be submitted with any Board of Regents item whereby a campus seeks the approval of an agreement with or arrangement regarding an employee pursuant to 20-25-109 MCA and Regents Policy 407.

When the submission concerns matters of trade secrets or confidential business information, or any other matter entitled to privacy under state or federal law (e.g., the federal statute known as Bayh/Dole) the submitting campus may request consideration of the submission, in whole or in part, in executive session.

The submitting campus should also provide the Commissioner a copy of the contract(s) that form the basis for the cooperative arrangement for which approval is sought. Submission of the contract does not indicate a conclusion that all or part of the contract is a public document and the question of whether it is in whole or in part protected from public disclosure will be evaluated on a case by case basis.

1. Summarize the nature of the intellectual property that was developed by the employee seeking approval. Indicate the sources of funding for the research that resulted in this invention.

The patented technology is related to mitigation of symptoms associated with common microbial infections. Its discovery was partially funded by Montana Tech.

2. a. Name(s) of the university employee(s) involved.

Jack L. Skinner and Jessica M. Gregory

b. Name(s) of business entity(ies) involved.

Alpha Technology, LLC

3. The university and employee(s) are seeking approval for (check as many as appropriate):

- a. **The employee to be awarded equity interest in the business entity.**
- b. **The employee to serve as a member of the board of directors or other governing board of the business entity.**
- c. **The employee to accept employment from the business entity.**
- d. **Other. Please explain.**

4. a. Summarize the nature of the relationship between the university and the business entity (e.g., the entity is licensing the intellectual property from the university, the entity is co-owning the intellectual property with the university).

Alpha Tech would license the technology. Currently, Alpha Tech also has a laboratory use agreement with Montana Tech, which allows Alpha Tech to use Montana Tech facilities and compensate the university for this use.

b. The proposed duration of the agreement or arrangement.

Up to 20 years, providing no breach of the agreement or termination of the agreement has occurred.

c. The conditions under which the agreement may be terminated or dissolved.

1. The Agreement would remain in effect until the last patent for the Licensed Technology has expired or been abandoned.

2. Montana Tech may terminate the Agreement as follows:

- a. if Licensee does not make a payment due hereunder and fails to cure such non-payment within forty-five (45) days after the date of notice in writing of such non-payment by Montana Tech;**
- b. if Licensee shall become insolvent, shall make an assignment for the benefit of creditors, or shall have a petition in bankruptcy filed for or against it (in such case, termination shall be effective immediately upon Montana Tech giving written notice to Licensee);**
- c. if an examination by Montana Tech's accountant shows an underreporting or underpayment by Licensee in excess of twenty percent (20%) for any twelve (12) month period;**
- d. if Licensee fails to satisfy the Performance Milestones as set forth in the Agreement; or**
- e. if Licensee breaches any material term of the Agreement.**

3. Licensee may terminate the Agreement by giving ninety (90) days advance written notice of termination to Montana Tech. Upon termination, Licensee shall submit a final Royalty Report to Montana Tech and any royalty payments shall become immediately payable.

5. Explain specifically how the University System or the State of Montana will likely benefit from the agreement or arrangement.

a. This agreement or arrangement supports the University System's explicit commitment (Policy 407) to facilitate the efficient transfer of knowledge and technology from its campuses to the private sector in service of the public interest and to promote local and statewide economic development. Part of the University System's mission is to apply scientific knowledge to address state, national, and global challenges and to promote entrepreneurship. Employment and student-internship opportunities would be expanded in Butte, where the firm plans to locate its manufacturing facilities.

b. The license fees and royalty payments will benefit Montana Tech and the inventors in accordance with BOR Policy 401.2.

6. Summarize the financial terms of the agreement or arrangement. Include:

a. The value, nature and source of the University's contribution.

Montana Tech developed the intellectual property. Dr. Gregory, Dr. Skinner, and two other faculty members, Dr. M. Katie Hailer and Dr. Marisa L. Pedulla discovered the patented technology working at Montana Tech. Montana Tech is the owner of the patent and paid for patent filing and associated costs to date. The University also has laboratory facilities, which Alpha Tech can use for its development activities, per a facility use agreement and pricing.

b. The value and nature of the employee's contribution.

Dr. Gregory and Dr. Skinner are two of the inventors on the patent, and they are interested in commercializing it through their affiliations with Alpha Tech.

c. The anticipated revenue to be generated by the project and the time line for generating such revenue.

The project is anticipated to generate \$2500 in revenue to Montana Tech over the first four years of the agreement, and royalties of up to 4% of net sales thereafter. Based on the company's estimate, these royalties could amount to \$600 thousand over the following 10 to 15 years.

d. The manner in which revenue and expenses will be shared by the parties.

Alpha Tech will pay the patenting and related IP costs going forward, along with the costs of developing and commercializing the invention, including clinical trials and approval by the Food and Drug Administration. Alpha Tech will pay an annual license fee and royalties up to 4% of net sales to Montana Tech.

e. The nature of each party's equity interest in the project. If none, so indicate.

Montana Tech has no equity interest. Dr. Skinner holds 51 % equity in Alpha Tech, while at present, Dr. Gregory holds no equity interest in Alpha Tech.