



Research Administrators Monthly Meeting February 2021

Office of Sponsored Programs

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MATERIAL TRANSFER AGREEMENTS 101

Submission

- Submit your MTA, along with the applicable MTA Intake Form (Incoming or Outgoing) and respective compliance approval letters (if any) to OSPWeb as a request for action
- MTA template and Intake forms can be found on our Forms and Contract templates page at <https://research.uic.edu/sponsoredprograms/submission-links-and-forms/>

Incoming vs Outgoing MTAs

- Incoming MTAs are for the receipt of materials from a provider
 - Traditionally, OSP defers to the MTA template of the provider – ask for a copy before submitting to OSPWeb
- Outgoing MTAs are for materials that are being sent from UIC to another recipient
 - Materials are cross referenced with Office of University Counsel and Office of Technology Management (OTM) to determine which template is appropriate for each material
 - OSP confirms any third party rights in the materials as well as current IP protections in determining template
- There are separate intake documents for both incoming and outgoing MTAs

The Essentials of an MTA

Definition:

A **Material Transfer Agreement (MTA)** is a contract that governs the **transfer** of tangible research **materials** between two organizations, when the recipient intends to use it for their own research purposes or as part of a collaboration with the Provider.

Parties

- Provider: Party providing materials
- Recipient: Recipient of material

Materials:

- ORIGINAL MATERIAL, PROGENY, and UNMODIFIED DERIVATIVES. The MATERIAL shall not include: (a) MODIFICATIONS, or (b) other substances created by the RECIPIENT through the use of the MATERIAL which are not MODIFICATIONS, PROGENY, or UNMODIFIED DERIVATIVES.

Material Transfer Agreements vs Purchase

- What is a material transfer agreement?
 - A material transfer agreement (MTA) is a no money agreement governing the exchange of research materials at no cost to the parties
- How is an MTA different than a purchase?
 - Purchase: Buyer acquires title by paying for goods (traditionally handled by CSO and Purchasing unless compliance elements present)
 - MTA: A bailment; the recipient acquires possession through a license to use the material but no ownership (Handled by OSP)

Why are MTAs Important?

- MTAs are important because they specify the rights, obligations, and restrictions of both the providing and receiving parties with respect to issues such as:
 - **Ownership** of materials and modifications or derivatives of the materials made by the recipient
 - Limits on the recipient's **use** of the materials and related liability
 - Restrictions on the recipient's ability to transfer the material, **modifications**, and **derivatives** to third parties
 - Rights to **inventions** resulting from the **use** of the materials
 - Rights to **publish** research obtained through the use of the materials
 - Reporting and **confidentiality** obligations

Compliance and MTAs

- Most MTAs will have some form of needed compliance approval
 - IRB – Institutional Review Board (Human Subjects)
 - ACC – Animal Care Committee (Vertebrate Animals)
 - IBC – Institutional Biosafety Committee (rDNA and Infectious Agents)
- Additional compliance approvals may be needed for stem cells and for materials subject to export control

Uniform Biological Material Transfer Agreement (UBMTA)

- On March 8, 1995, the National Institutes of Health (NIH) published the final version of the Uniform Biological Material Transfer Agreement UBMTA for transfer of materials between nonprofit institutions and an Implementing Letter for the Transfer of Biological Material.
- The UBMTA allows signatory institutions to transfer materials to one another using a boilerplate Implementing Letter for the particular transfer.
- AUTM website: <https://autm.net/surveys-and-tools/agreements/material-transfer-agreements/mta-toolkit/uniform-biological-material-transfer-agreement>



UBMTA Implementing Letter

- The Implementing Letter contains a description of the material and a statement indicating that the material is being transferred in accordance with the terms of the UMBTA. It must be executed by the provider scientist and the recipient scientist, and receive all necessary institutional endorsements

Benefits of a UBMTA

- Certainty terms/Standard conditions
- Efficient and Effective (takes minimal time and effort to execute)



UBMTA Signatories

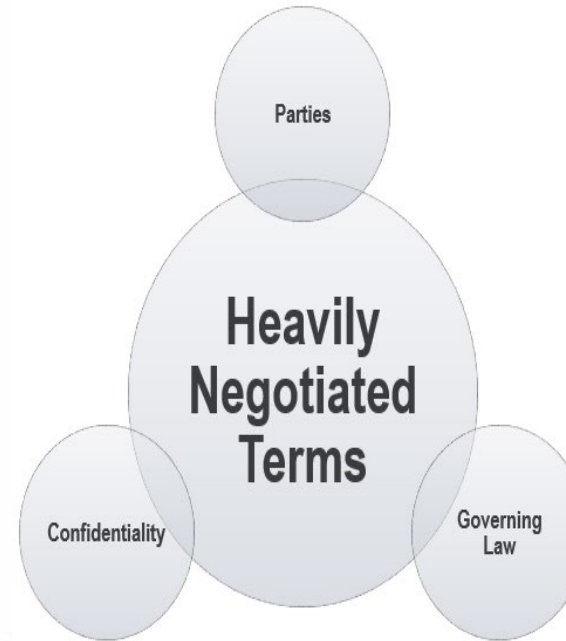
Signatories of the UBMTA are Parties to the UBMTA Master and non-signatories are institutions who have not signed the Master UBMTA.

- If both institutions are signatories to the UBMTA, one simply executes the implementing letter for each transfer.
- Non-signatories may sign the UBMTA Master Agreement and then use the Implementing Letter as a UBMTA signatory.
- Alternatively, non-signatories can use the AUTM MTA Templates, which are stand-alone contracts based on the UBMTA.

<https://autm.net/surveys-and-tools/agreements/material-transfer-agreements/mta-toolkit/uniform-biological-material-transfer-agreement/ubmta-signatories/>

Structure of an MTA

- Preamble
- Definitions
- Description of Use of the Materials
- Confidential Information
- Ownership and IP rights
- Warranties
- Liability and/or Indemnification
- Publication
- Export Controls
- Governing Law
- Termination
- Signatures
- Exhibits or Appendices



Structure of an MTA: Preamble

- Identifies parties to the agreement and specifies the MTA's effective date.
- It may also include the addresses of the parties.
- It may even contain recitals or whereas clauses describing the material, the goal of the research, and the intent of the parties.
- Note: any historical info for instance if there was some other prior Agreement executed

Example:

This Material Transfer Agreement (this "Agreement"), dated as of _____, 200_ (the "Effective Date"), is entered into between _____ ("Transferor") and _____ ("Recipient"; with Transferor, the "Parties"; each, a "Party").

WHEREAS, Transferor desires to provide certain Materials (as defined below) to Recipient and Recipient desires to conduct research using the Materials;

NOW, THEREFORE, in consideration of the mutual promises set forth in this Agreement, the Parties hereby agree as follows:

Structure of an MTA: Description of Use of Materials

- The Material Transfer Agreement should contain the Description of Use of Materials.
- Description of Materials and their Use: This Agreement needs to define the scope of work the recipient is allowed to use the materials for.

Structure of an MTA: Confidential Information

Often, Providers of materials include proprietary or confidential information, so an MTA may contain a provision to protect the provider's confidential information.

- The Confidential Information clause should include the standard **marking requirement and Confidentiality exclusions.**
- 1.) Mark written information; 2.) Mark oral information within 30 days
- It is important to add a confidentiality cap of 3-7 years after disclosure or after the term, so that the confidentiality obligations do not survive term of the Agreement. Otherwise, you would be agreeing to confidentiality obligations in perpetuity.

Confidentiality Critical Exclusions

**Public
Domain**

In the public domain at the time of disclosure or subsequently enters the publication domain (through no breach of the Agreement by Recipient)

**Prior
Possession**

Prior lawful possession by Recipient (written proof required)

**Lawfully
Disclosed**

Lawfully disclosed to Recipient without confidentiality duties

**Independently
Developed**

Independently developed by Recipient (written proof required)

**Legally
Compelled**

Disclosure required by law (compelled disclosure)

Structure of an MTA: Ownership and Intellectual Property

- Generally, the university cannot assign away IP rights to third parties or give exclusive licenses
 - Private allocation of public assets
- Standard UIC stance: Ownership follows inventorship
 - Factors towards inventorship: Conception and reduction to practice, contribution
- Compromise positions
 - Non-exclusive licenses for internal/research and development
 - Option to negotiate an exclusive license

Structure of an MTA: Licenses

- Two types of licenses may be granted depending the scope of the research, commercial status of the other party, any third party rights, and the comfort level of the UIC PI.
 - Non-exclusive royalty free (“NERF”)
 - A license that grants ownership rights in an invention to the recipient, but permits the provider the ability to non-exclusively exploit the invention to the extent permitted by the license
 - Common with commercial entities in particular (attempt to restrict to internal research only)
 - Sample: “University shall grant a non-exclusive, royalty-free, non-sublicensable license in and to University’s interest in any and all inventions for internal research and development purposes only.”
 - Option to negotiate an exclusive license
 - Exclusive licenses grant ownership rights in an invention to the recipient, but assigns the provider the ability to exclusively exploit the invention for any purpose
 - Cannot agree to right of first refusal or automatically attaching exclusive license
 - Sample: “Recipient will grant to Provider an option to negotiate to obtain an exclusive, worldwide, royalty-free, sublicensable license in and to Recipient’s interest in any and all Inventions. Provider’s option rights shall be exercisable for a period of six (6) months, by which point Provider will notify Recipient in writing of its intent to exercise its option. Both parties will negotiate, in good faith, on an exclusive license agreement for an additional six (6) months. If upon conclusion of the negotiation period the parties have not successfully completed a license agreement, Recipient shall be free to license any interest in Inventions to a third party without further obligation to negotiate with Provider.”

Structure of an MTA: Warranties

- An MTA nearly always stipulates that the material does not come with any warranties. This is pretty standard as most entities don't want risks for supplying third parties with their materials for the third party's own purposes.
- It's important to be cognizant if this warranty disclaimer includes a disclaimer that use of the materials won't infringe as the University would then need to be especially careful with indemnification because we don't want to end up in a position where we are indemnifying for third party patent infringement.
- A typical warranty clause, usually written in capital letters, may read:
- **“Any MATERIAL delivered pursuant to this Agreement is understood to be experimental in nature and may have hazardous properties PROVIDER MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESSED OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE MATERIAL WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER PROPRIETARY RIGHTS.”**
- The language is nearly always written in uppercase letters to make the clause stand out.

Structure of an MTA: Indemnification & Liability

- **Indemnification:**

Many providers will stipulate that the recipient indemnify, hold harmless, and defend the provider against any claims, costs, or other liabilities that may arise as a result of recipient's use, storage, or disposal of the material. **(The University is prohibited from indemnifying other parties and must limit their indemnification to the extent permitted by state law).**

- **Liability:**

An MTA usually stipulates that the recipient of the materials assumes all liability for damages that may arise from the recipient's use, storage or disposal of the material, and modifications

(Favorable) UBMTA Liability Example:

“Except to the extent prohibited by law, the RECIPIENT assumes all liability for damages which may arise from its use, storage or disposal of the MATERIAL. The PROVIDER will not be liable to the RECIPIENT for any loss, claim or demand made by the RECIPIENT, or made against the RECIPIENT by any other party, due to or arising from the use of the MATERIAL by the RECIPIENT, except to the extent permitted by law when caused by the gross negligence or willful misconduct of the PROVIDER.”



Publication

Definition: The right to use, disclose, or disseminate information related to the Project results in any:

- Manuscript
- Article
- Abstract
- Whitepaper
- Poster presentation
- Oral presentation
- Interview
- Other manner or method

Structure of an MTA: Publication

- The University cannot be subject to prior approval rights or be seen as to having being unduly influenced by Provider in our publication.
- We can agree to a 30 days review period prior to publication to permit removal of confidential information or delay up to 60 days for intellectual property reasons

Structure of an MTA: Export Controls

- University is a fundamental research institution (no classified information)
- Exports can be tangible property or intangible information
- Governed by federal laws related to distribution of strategically important technology and information to foreign persons in the US and/or persons/entities in foreign countries
- University requires labeling of materials subject to export control and ability to decline acceptance

Structure of an MTA: Export Controls cont'd

- Sample: “Each Party shall comply with all relevant laws, whether United States or foreign, governing the exports and re-exports of technical data or commodities made under this Agreement. Prior to providing Institution with any items subject to export control laws, Company will notify Institution and identify the items at issue and the applicable export control laws. If the items are subject to the Export Administration Regulations (“EAR”), Company will either furnish to Institution the applicable Export Control Classification Numbers or indicate that EAR 99 applies. If the items are subject to the International Traffic in Arms Regulations (“ITAR”), Company will notify Institution of the relevant ITAR categories and subcategories. Institution may decline to accept any export-controlled items.”

Structure of an MTA: Governing Law

- An MTA may specify that it is governed by the laws of a particular jurisdiction, state, or country
- The University is forbidden to agreeing to the laws of another state or country but can agree to remain silent on governing of law.
- UBMTA (does not specify) Contract is silent on governing law and jurisdiction

Structure of an MTA: Term and Termination

An MTA should specify an expiration date for the agreement. Otherwise, the recipient's obligations will continue forever.

- **Example of a Term provision:** This Agreement is effective on the date the last party signed this Agreement and shall be in effect for _____ unless earlier terminated as provided in this Article ____.”
- **Example of a Termination provision:**° The parties should be able to terminate the MTA earlier by providing advance, written notice. When the MTA expires or terminates, the recipient is generally required to stop using the material and may be required to return or destroy any remaining material.
- **Example of mutually favorable Termination clause:**
- Either party may terminate this Agreement if the other party materially breaches any of its obligations or provisions of this Agreement, provided, however, that the breaching party shall be given not less than thirty (30) days' prior written notice of such material breach and the opportunity to cure the breach during such period.

Structure of an MTA: Exhibits or Appendices

An MTA may include an exhibit or appendix that is attached to the end of the agreement. Generally, the attachment is a detailed description of the research, a protocol, or a long list of materials.

Structure of an MTA: Signatures

Who Signs?



- The authorized official of the organization or company receiving the materials
- Researcher receiving the material
- Authorized official of the organization or company providing the materials
- Researcher providing the material

Note: Some MTAs may require only the signature(s) of the authorized official and/or the researcher of the recipient of the materials. **Researchers may sign as acknowledging, reading, and/or understanding the MTA but should not sign as legal parties to the MTA. Doing so could place them at risk of being personally liable and being sued in a court of law.**



QUESTIONS?



THANK YOU