*The ‘SiPA Quote’ is one of the two Simple Partnership Agreement (SiPA) templates created by* [*Activate*](http://activate.org)*, in collaboration with our partners at DLA Piper LLP (US), to help facilitate quicker concrete engagement between early stage startups, and established entities. These early engagements are instrumental in understanding, and later resolving, the risks of new technologies, thereby speeding their way to market.*

------------------------------------------------------------------------------------------------------------------------------

**The SiPA Quote document facilitates exploratory work, as a precursor to longer-term collaboration, between a startup and a large company. It provides a format to represent the scope, deliverables, payment schedule, and other terms of a proposed engagement between a startup and an established company, unlikely to create intellectual property (IP) ownership issues, in the form of a simple quotation.**

* Established partners may need to use their own purchase order when presented with this Quote - the contents of this Quote document may be incorporated in the appendix.
  + The merger clause in this document gives precedence to terms and matters described within the Quote, so it can help streamline the process and ensure expectations and terms in this document are largely preserved if pasted into a separate purchase order.
  + Corporate purchase orders will usually contain ‘we own all’ language related to material and represented knowledge in the purchased item(s) – such language should be removed to keep in line with the nature of the exploratory work to be done.
* There is an exclusivity clause included in this document– this language provides mutual short-term exclusivity that does not tie down the startup or corporate partner beyond a short, defined period of time while providing an upside to the corporate partner.
* This document assumes that the parties previously signed an NDA, and it incorporates that NDA by reference before the paragraph on warranties. A startup should carefully review the NDA to make sure that it covers all eventualities. When in doubt, please consult counsel.
* There is a simple intellectual property clause in the document that provides protection for background IP; we recommend consulting a lawyer for incorporating more specific language around protection of co-created IP

--------------------------------------------------------------------------------------------------------------------------------

NOTES :

Guidelines and Approach for IP: Under applicable US law, typically the creator of intellectual property is the initial owner of that intellectual property. The proposed IP provision in this SiPA restates this default rule. In early project engagements conducted under a SiPA between a startup and corporate partner, it is highly encouraged that both parties design the statement of work and the deliverables to avoid any need to assign or license intellectual property. Such provisions are complicated and take more time to negotiate and may not be necessary to demonstrate value at this early stage. Any IP assignment or license that is implemented should be narrowly tailored to the specific work being done. Such assignment or license will typically be drafted to protect each parties existing IP (typically called background IP) and determine how any IP developed in the collaboration (typically called foreground IP) is owned. This language should be drafted in consultation with an appropriate specialized attorney.

Warranty: The document includes a warranties section that disclaims implied warranties under the Uniform Commercial Code. Without this paragraph, a party providing deliverables under this document may be deemed to be making such implied warranties to the recipient as part of the transaction. The business intent in these early stage collaborations is usually the opposite – that all deliverables are provided “as-is”. For the disclaimer to be valid, it should be "conspicuous", a requirement met by using all capital letters.

Liability: The document includes a liability paragraph to limit the remedies available for breach of contract, as well as to limit consequential damages. This is desirable for the party with performance obligations. A party providing deliverables that turn out to be deficient or defective might be willing to refund payments that it received, but such breaching party generally does not want excess liability that causes it to pay “out of pocket”. A frequent exception is any breach of confidentiality obligations, a type of breach so egregious and so potentially damaging to the disclosing party, that the disclosing party typically insists on carving it out from any consequential damages disclaimer or liability cap.

DISCLAIMER:

This is a simplified document and it assumes there is an NDA in place to govern confidentiality. It contains basic terms, but it does not purport to comprehensively address the many possible issues that can arise in a collaboration. When in doubt, parties should consult their own attorneys.

*The rest of this page has intentionally been left blank*

**The SiPA Quote**



PREPARED FOR: CORPORATE PARTNER LEGAL NAME

CONTACT NAME

ADDRESS LINE 1

ADDRESS LINE 2

(XXX) XXX - XXXX

DATE: MO / DA / YR

| QTY | UNIT | DESCRIPTION | UNIT PRICE | TOTAL |
| --- | --- | --- | --- | --- |
| 1 | EA | **Collaboration**  - [General description of the project] | $ | $ |
|  |  |  |  |  |
| **TOTAL** | | |  | **US $** |

MILESTONE INVOICE SCHEDULE

Payment will be invoiced in accordance with the following Milestone Invoice Schedule:

|  | MILESTONE DESCRIPTION | AMOUNT (USD) |
| --- | --- | --- |
| 1 | [Describe milestone] | $ |
| 2 | [Describe milestone] | $ |
| **TOTAL** | | **US$** |

**TERMS**

[Startup Legal Name] shall deliver to [Corporate Partner Legal Name] the following:

[Insert deliverables, such as data, information, analysis, reports or sample physical materials. If sample physical materials are exchanged, consider how sample physical materials should be handled at the end of collaboration.]

[Corporate Partner Legal Name] shall deliver to [Startup Legal Name] the following:

[Insert deliverables, such as data, information, analysis, reports or sample physical materials. If sample physical materials are exchanged, consider how sample physical materials should be handled at the end of collaboration.]

[Corporate Partner Legal Name] agrees to pay [Startup Legal Name] the amounts set forth above in accordance with the milestone invoice schedule. [Corporate Partner Legal Name] shall pay each invoice it receives from [Startup Legal Name] within 15 days of receipt.

This agreement expires on the date the work described herein is completed, unless earlier terminated pursuant to this paragraph. A party may terminate this agreement upon 30 days’ written notice to the other party, if the other party materially breaches this agreement and the breach remains uncured at the end of the 30-day period. The rights, duties and obligations of the parties that by their nature continue and survive will survive any expiration or termination.

During the period beginning on the date hereof and ending on the earlier of the termination of this agreement and [exclusivity end date], [Startup Legal Name] shall not collaborate with any competitor of [Corporate Partner Legal Name] within the field of [insert] (“Field of Use”), and [Corporate Partner Legal Name] shall not collaborate with any competitor of [Startup Legal Name] within the same Field of Use.

[Startup Legal Name] and [Corporate Partner Legal Name] hereby acknowledge and agree that each party retains its intellectual property rights and no intellectual property rights are transferred under this Agreement. All rights not expressly granted hereunder are reserved by the party owning such rights and there are no implied rights created under this Agreement.

The signed non-disclosure agreement currently in effect between the parties (“NDA”) sets forth the parties’ respective confidentiality obligations hereunder. The NDA will govern all non-public information furnished under this agreement, and the period of disclosure covered under the NDA will continue in force throughout the duration of this agreement notwithstanding any earlier termination of the NDA. A party is permitted to use information disclosed under this agreement solely in furtherance of this agreement and the purposes for which the information was disclosed. In the event of a conflict or inconsistency between the NDA and this agreement, this agreement will control.

EACH PARTY HEREBY DISCLAIMS AND EXCLUDES ALL WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

EXCEPT FOR PAYMENT OBLIGATIONS AND BREACHES OF THE NDA, IN NO EVENT WILL A PARTY HAVE ANY LIABILITY TO THE OTHER PARTY FOR ANY LOST PROFITS, LOST REVENUE, LOST DATA, COST OF COVER, OR SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF THOSE DAMAGES. EXCEPT FOR PAYMENT OBLIGATIONS AND BREACHES OF THE NDA, A PARTY’S MAXIMUM LIABILITY TO THE OTHER PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT IS LIMITED TO THE AGGREGATE OF FEES PAID AND PAYABLE HEREUNDER.

This agreement and the NDA constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings and other communications, whether oral or in writing, with respect to such subject matter.

Executed and agreed:

[Corporate Partner Legal Name] [Startup Legal Name]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title Title