

EXCLUSIVE PATENT LICENSE AGREEMENT

BETWEEN (Company)

AND

THIS Agreement (AGREEMENT) is between the Board of Directors (BOARD) of (Company) (Department or Branch), whose address is _____, and _____ (LICENSEE), a _____ corporation having a principal place of business located at _____.

RECITALS

A. BOARD owns certain PATENT RIGHTS (as defined below) and TECHNOLOGY RIGHTS (as defined below) related to LICENSED SUBJECT MATTER (as defined below), which were developed at (BLANK)

B. BOARD desires to have the LICENSED SUBJECT MATTER developed and used for the benefit of LICENSEE, INVENTOR (as defined below), BOARD, and the public as outlined in BOARD's Intellectual Property Policy.

C. LICENSEE wishes to obtain a license from BOARD to practice LICENSED SUBJECT MATTER.

NOW, THEREFORE, in consideration of the mutual covenants and premises herein contained, the parties agree as follows:

1. EFFECTIVE DATE

This AGREEMENT is effective _____ (EFFECTIVE DATE).

2. DEFINITIONS

As used in this AGREEMENT, the following terms have the meanings indicated:

2.1 **AFFILIATE** means any business entity more than 50% owned by LICENSEE, any business entity which owns more than 50% of LICENSEE, or any business entity that is more than 50% owned by a business entity that owns more than 50% of LICENSEE.

2.2 **FIELD** means _____.

2.3 **INVENTOR** means _____.

2.4 **LICENSED PRODUCT** means any product or service SOLD (as defined below) by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to this AGREEMENT.

2.5 **LICENSED SUBJECT MATTER** means inventions, discoveries and

processes covered by PATENT RIGHTS and/or TECHNOLOGY RIGHTS within FIELD.

2.6 **NET SALES** means the gross revenues received by LICENSEE from the SALE of LICENSED PRODUCTS less sales and/or use taxes actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

2.7 **PATENT RIGHTS** means BOARD's rights in information or discoveries covered in patents, [and/or patent applications], whether domestic or foreign, and all divisionals, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, as defined in Exhibit 1 attached hereto. [subject to the limitations, if any, set forth therein.]
NOTE: Please delete reference to "subject to the limitations" if there are NO limitations set forth in Exhibit 1. Delete "and/or patent applications" if none at this time.

2.8 **SALE, SELL or SOLD** means the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE.

2.9 **TECHNOLOGY RIGHTS** means BOARD's rights in technical information, know-how, processes, procedures, compositions, devices, methods, formulas, protocols, techniques, software, designs, drawings or data created by INVENTOR at BLANK before the EFFECTIVE DATE relating to _____ which are not covered by PATENT RIGHTS but which are necessary for practicing the PATENT RIGHTS.

2.10 **TERRITORY** means the _____ (DELETE DEFINITION IF TERRITORY IS WORLDWIDE).

3. WARRANTY: SUPERIOR-RIGHTS

3.1 Except for the rights, if any, of the government of the United States of America (GOVERNMENT), as set forth below, BOARD represents and warrants (1) that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, (2) that it has the sole right to grant licenses thereunder, and (3) its belief that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted to LICENSEE except as stated herein.

3.2 LICENSEE understands that the LICENSED SUBJECT MATTER may have been developed under a funding agreement with the GOVERNMENT and, if so, that the GOVERNMENT may have certain rights relative thereto. This AGREEMENT is explicitly made subject to the GOVERNMENT's rights under any agreement and any applicable law or regulation. If there is a conflict between any agreement, applicable law or regulation and this AGREEMENT, the terms of the GOVERNMENT agreement, applicable law or regulation shall prevail.

3.3 LICENSEE understands and acknowledges that BOARD, by this AGREEMENT, makes no representation as to the operability or fitness for any use, safety, efficacy, approvability by regulatory authorities, time and cost of development, patentability, and/or breadth of the LICENSED SUBJECT MATTER. BOARD, by this AGREEMENT, also makes no representation as to whether there are any patents now held, or which will be held, by others or by BOARD which may be dominant or subordinate to PATENT RIGHTS, nor does BOARD make any representation that the inventions contained in PATENT RIGHTS do not infringe any other patents now held or that will be held by others or by BOARD.

3.4 LICENSEE, by execution hereof, acknowledges, covenants and agrees that it has not been induced in anyway by BOARD, Department or Branch, BLANK or its employees to enter into this AGREEMENT, and further warrants and represents that (1) it has conducted sufficient due diligence with respect to all items and issues pertaining to this AGREEMENT and all other matters pertaining to this AGREEMENT; and (2) LICENSEE has adequate knowledge and expertise, or has utilized knowledgeable and expert consultants, to adequately conduct the due diligence, and agrees to accept all risks inherent herein.

4. LICENSE

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive license under LICENSED SUBJECT MATTER to manufacture, have manufactured, use and/or SELL LICENSED PRODUCTS within the TERRITORY for use within FIELD. This grant is subject to the payment by LICENSEE to BOARD of all consideration as provided herein, and is further subject to rights retained by BOARD to:

- a. publish the general scientific findings from research related to LICENSED SUBJECT MATTER subject to the terms of Article 13, Confidential Information; and
- b. use LICENSED SUBJECT MATTER for research, teaching and other educationally-related purposes.

4.2 LICENSEE may extend the license granted herein to any AFFILIATE if the AFFILIATE consents in writing to be bound by this AGREEMENT to the same extent as LICENSEE. LICENSEE must deliver to BOARD a true and accurate copy of such written agreement, and any modification or termination thereof, within 30 days after execution, modification or termination.

4.3 LICENSEE may grant sublicenses consistent with this AGREEMENT if LICENSEE is responsible for the operations of its sublicensees relevant to this AGREEMENT as if the operations were carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by a sublicensee. LICENSEE must deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within 30

days after execution, modification, or termination. When this AGREEMENT is terminated, BOARD and BLANK agree to accept as successors to LICENSEE existing sublicensees in good standing at the date of termination, provided that the sublicensees consent in writing to be bound by all the terms and conditions of this AGREEMENT.

5. PAYMENTS AND REPORTS

5.1 In consideration of rights granted by BOARD to LICENSEE under this AGREEMENT, LICENSEE will pay BOARD the following:

- a. a non-refundable license documentation fee in the amount of \$_____, due and payable within 30 days of LICENSEE's receipt of a fully executed AGREEMENT from BOARD;
- b. an annual license reissue fee in the amount of \$_____, due and payable on each anniversary of the EFFECTIVE DATE beginning on the first anniversary;
- c. a minimum yearly royalty of \$_____ due and payable on January 1 of each year after EFFECTIVE DATE and creditable against royalties due under 5.1d for that year;
- d. a running royalty equal to ___% of NET SALES for LICENSED PRODUCTS;
- e. \$_____ for all out-of-pocket expenses incurred by BLANK prior to _____ in filing, prosecuting, enforcing and maintaining PATENT RIGHTS, and all such future expenses incurred by BLANK, for so long as, and in such countries as this AGREEMENT remains in effect. BLANK will invoice LICENSEE within 30 days of the EFFECTIVE DATE and on a quarterly basis thereafter beginning for expenses incurred by BLANK after _____. The invoiced amounts will be due and payable by LICENSEE within 30 days; and
- f. a sublicense fee of 50% of all consideration, other than research and development money, received by LICENSEE from either (1) any sublicensee pursuant to Paragraph 4.3 herein above, or (2) any assignee pursuant to Article 9 hereinbelow, including but not limited to, royalties, up-front payments, marketing, distribution, franchise, option, license, or documentation fees, bonus and milestone payments and equity securities within 30 days of LICENSEE's receipt of any such consideration. The value of any equity securities will be calculated as the average market value of the class of stock involved for 5 consecutive days preceding the transfer to LICENSEE. In cases where the sublicense agreement calls for payment to LICENSEE of a premium over the market value, BOARD will also share 50% of the premium paid to LICENSEE.

5.2 In the event of late payments to BOARD due under Article 5, a penalty of

10% of the amount due will be assessed and due additionally from LICENSEE for each such late payment.

5.3 During the term of this AGREEMENT and for 1 year thereafter, LICENSEE agrees to keep complete and accurate records of its and its sublicensees' SALES and NET SALES under the license granted in this AGREEMENT in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE agrees to permit BOARD or its representatives, at BOARD's expense and with 14 days written notice, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify any report required under this AGREEMENT. If the amounts due to BOARD are determined to have been underpaid, LICENSEE will pay the cost of the examination and all overdue amounts with accrued interest at the highest allowable rate.

5.4 Within 30 days after March 31, June 30, September 30, and December 31 of each year of the valid term of this AGREEMENT, beginning immediately after the EFFECTIVE DATE, LICENSEE must deliver to BOARD a true and accurate written report, even if no payments are due BOARD, giving the particulars of the business conducted by LICENSEE and its sublicensee(s), if any exist, during the preceding 3 calendar months under this AGREEMENT as are pertinent to calculating payments hereunder. This report will include at least:

- a. the total quantities of LICENSED PRODUCTS produced; and
- b. the total SALES by country, product, quantity and extended dollars SOLD, and the conversion factor used to convert to United States dollars; and
- c. the calculation of royalties thereon; and
- d. the total royalties computed and due BOARD; and
- e. all other amount due BOARD herein.

Simultaneously with the delivery of each report, LICENSEE must pay to BOARD the amount, if any, due for the period of each report.

5.5 On or before each anniversary of the EFFECTIVE DATE, irrespective of having a first SALE or offer for SALE, LICENSEE must deliver to BOARD a written progress report as to LICENSEE's (and any sublicensee's) efforts and accomplishments during the preceding year in diligently commercializing LICENSED SUBJECT MATTER in the TERRITORY and LICENSEE's (and sublicensee's) commercialization plans for the upcoming year.

5.6 All amounts payable here by LICENSEE must be paid in United States dollars without deductions for taxes, assessments, fees, or charges of any kind. Royalties accruing on SALES in countries other than the United States must be paid in United States dollars in amounts based on the rate of exchange as

quoted in the Wall Street Journal (WSJ) as of the last business day of the reporting period. If the WSJ does not publish any such rate, a comparable rate publication will be agreed upon from time to time by the parties, and with respect to each country for which such rate is not published by the WSJ or in a comparable publication, the parties will use the prevailing rate for bank cable transfers for such date, as quoted by leading United States banks in New York City dealing in the foreign exchange market. Check must be payable to BLANK and sent to:

(Company, Name, Address)

6. SPONSORED RESEARCH

If LICENSEE desires to sponsor research for or related to the LICENSED SUBJECT MATTER, and particularly when LICENSEE receives payments for sponsored research pursuant to a sublicense agreement under this AGREEMENT, LICENSEE (1) will notify BLANK in writing of all opportunities to conduct this sponsored research (including clinical trials, if applicable), (2) solicit research and/or clinical proposals from BLANK for this purpose, and (3) will in good faith consider funding the proposals at BLANK.

7. TERM AND TERMINATION

7.1 The term of this AGREEMENT is from the EFFECTIVE DATE to the full end of the term or terms for which PATENT RIGHTS have not expired or, if only TECHNOLOGY RIGHTS are licensed and no PATENT RIGHTS are applicable, for a period of 20 years.

7.2 Any time after 1 year from the EFFECTIVE DATE, BOARD and BLANK have the right to terminate this license in any national political jurisdiction within the TERRITORY if LICENSEE, within 90 days after receiving written notice from BLANK of the intended termination, fails to provide written evidence satisfactory to BLANK that LICENSEE or its sublicensee(s) has commercialized or is actively and effectively attempting to commercialize a licensed invention in such jurisdiction(s). The following definitions apply to Article 7: (1) "commercialize" means having SALES of LICENSED PRODUCTS in such jurisdiction; (2) "attempting to commercialize" means having SALES of LICENSED PRODUCTS or an effective, ongoing and active research, development, manufacturing, marketing or sales program as appropriate, directed toward obtaining regulatory approval, and/or production and/or SALES of LICENSED PRODUCTS in any jurisdiction, and has provided plans acceptable to BLANK, in its sole discretion, to commercialize licensed inventions in the jurisdiction(s) that BLANK intends to terminate.

7.3 This AGREEMENT will earlier terminate:

- a. automatically if LICENSEE becomes bankrupt or insolvent and/or if the business of LICENSEE is placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise; or

- b. upon 30 days written notice from BOARD if LICENSEE breaches or defaults on its obligation to make payments (if any are due) or reports, in accordance with the terms of Article 5 hereunder, unless, before the end of the 30 day period, LICENSEE has cured the breach or default and so notifies BOARD, stating the manner of the cure; or
- c. upon 90 days written notice if LICENSEE breaches or defaults on any other obligation under this AGREEMENT, unless, before the end of the 90 day period, LICENSEE has cured the breach or default and so notifies BOARD, stating the manner of the cure; or
- d. at any time by mutual written agreement between LICENSEE, BLANK and BOARD, upon 30 days written notice to all parties and subject to any terms herein which survive termination; or
- e. under the provisions of Paragraph 7.2 if invoked.

7.4 If this AGREEMENT is terminated for any cause:

- a. nothing herein will be construed to release either party of any obligation matured prior to the effective date of the termination;
- b. after the effective date of the termination, LICENSEE will provide BOARD with a written inventory of all LICENSED PRODUCTS in process of manufacture, in use or in stock. LICENSEE may SELL any such LICENSED PRODUCTS within the 90 day period following such termination if it pays earned royalties thereon, and any other amount due pursuant to the terms of Article 5; and
- c. LICENSEE will be bound by the provisions of Articles 11 (Indemnification), 12 (Use of Name), and 13 (Confidential Information) of this AGREEMENT.

8. INFRINGEMENT BY THIRD PARTIES

8.1 LICENSEE, at its expense, must enforce any patent exclusively licensed hereunder against infringement by third parties and it is entitled to retain recovery from such enforcement. LICENSEE must pay BOARD a royalty on any monetary recovery if the monetary recovery is for damages or a reasonable royalty in lieu thereof. If LICENSEE does not file suit against a substantial infringer of a patent within 6 months of knowledge thereof, then BOARD may enforce any patent licensed hereunder on behalf of itself and LICENSEE, BOARD retaining all recoveries from such enforcement and/or reducing the license granted hereunder to non-exclusive.

8.2 In any infringement suit or dispute, the parties agree to cooperate fully with each other. At the request and expense of the party bringing suit, the other party will permit access to all relevant personnel, records, papers, information, samples, specimens, etc., during regular business hours.

9. ASSIGNMENT

Except in connection with the sale of substantially all of LICENSEE's assets to a third party, this AGREEMENT may not be assigned by LICENSEE without the prior written consent of BOARD, which will not be unreasonably withheld.

10. PATENT MARKING

LICENSEE must permanently and legibly mark all products, packaging and documentation manufactured or SOLD by it under this AGREEMENT with a patent notice as may be permitted or required under Title 35, United States Code.

11. INDEMNIFICATION

LICENSEE agrees to hold harmless and indemnify BOARD, INVENTOR, Department or Branch, BLANK, its Regents, officers, employees and agents from and against any claims, demands, or causes of action whatsoever, including without limitation those arising on account of any injury or death of persons or damage to property caused by, or arising out of, or resulting from, the exercise or practice of the license granted hereunder by LICENSEE, its AFFILIATES or their officers, employees, agents or representatives.

12. USE OF NAME

LICENSEE may not use the name of BLANK, Department or Branch, INVENTOR or BOARD without express written consent from BLANK and/or Department or Branch.

13. CONFIDENTIAL INFORMATION

13.1 BOARD and LICENSEE each agree that all information forwarded to one by the other for the purposes of this AGREEMENT (1) are to be received in strict confidence, (2) are to be used only for the purposes of this AGREEMENT, and (3) are not to be disclosed by the recipient party, its agents or employees without the prior written consent of the other party, except to the extent that the recipient party can establish competent written proof that such information:

- a. was in the public domain at the time of disclosure;
- b. later became part of the public domain through no act or omission of the recipient party, its employees, agents, successors or assigns;
- c. was lawfully disclosed to the recipient party by a third party having the right to disclose it;
- d. was already known by the recipient party at the time of disclosure;
- e. was independently developed by the recipient; or
- f. is required by law or regulation to be disclosed, provided however, that

the disclosing party shall first give the other party written notice and adequate opportunity to object to such order for disclosure or to request confidential treatment.

13.2 Information shall not be deemed to be available to the public or to be in the recipient's possession merely because it:

- a. includes information that falls within an area of general knowledge available to the public or to the recipient (i.e., it does not include the specific information provided by the other party); or
- b. can be reconstructed in hindsight from a combination of information from multiple sources that are available to the public or to the recipient, if not one of those sources actually taught or suggested the entire combination, together with its meaning and importance.

13.3 Each party's obligation of confidence hereunder shall be fulfilled by using at least the same degree of care with the other party's confidential information as it uses to protect its own confidential information. This obligation shall exist while this AGREEMENT is in force and for a period of 3 years thereafter.

14. PATENTS AND INVENTIONS

If after consultation with LICENSEE, both parties agree that a patent application should be filed for LICENSED SUBJECT MATTER, BOARD will prepare and file the appropriate patent applications, and LICENSEE will pay the cost of searching, preparing, filing, prosecuting and maintaining same. If LICENSEE notifies BOARD that it does not intend to pay such costs, or if LICENSEE does not respond or make an effort to agree with BOARD on the disposition of rights in the subject invention, then BOARD may file an application at its own expense and LICENSEE will have no rights to such invention. BOARD shall retain the sole right to select the attorney responsible for filing, prosecution and maintenance of any patents based on technology invented at BLANK. BOARD will provide LICENSEE a copy of any patent application for which LICENSEE has paid the cost of filing, as well as copies of any documents received or filed with the respective patent office during the prosecution thereof.

15. GENERAL

15.1 This AGREEMENT constitutes the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by a written document signed by both parties.

15.2 Any notice required by this AGREEMENT must be given by facsimile transmission confirmed by personal delivery (including delivery by reputable messenger services such as Federal Express) or by prepaid, first class, certified mail, return receipt requested, addressed in the case of BOARD and BLANK to:

(Company)
(Address & Phone)

BLANK
(Address & Phone)

BLANK
(Address & Phone)

or in the case of LICENSEE to:

ATTENTION: _____
Phone: _____
Fax: _____

or other addresses as may be given from time to time under the terms of this notice provision.

15.3 LICENSEE must comply with all applicable national, state and local laws and regulations in connection with its activities pursuant to this AGREEMENT.

15.4 This AGREEMENT will be construed and enforced in accordance with the laws of the United States of America and of the State of (Appropriate State). The (Appropriate State) state courts of (Appropriate) County, (Appropriate State) (or, if there is exclusive federal jurisdiction, the United States District Court for the Northern District of (Appropriate State)) shall have exclusive jurisdiction and venue over any dispute arising out of this AGREEMENT, and LICENSEE hereby consents to the jurisdiction of such courts.

15.5 Failure of BOARD to enforce a right under this AGREEMENT will not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

15.6 Headings are included herein for convenience only and shall not be used to construe this AGREEMENT.

15.7 If any part of this AGREEMENT is for any reason found to be unenforceable, all other parts nevertheless remain enforceable.

15.8 Neither party shall be held liable or responsible to the other party nor be deemed to have defaulted under or breached this AGREEMENT for failure or delay in fulfilling or performing any term of this AGREEMENT when such failure or delay is caused by or results from causes beyond the reasonable control of the affected party, including, without limitation, fire, floods, earthquakes, natural disasters, embargoes, war, acts of war (whether war be declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor

disturbances, acts of God or acts, omissions or delays in acting by any governmental authority or the other party.

IN WITNESS WHEREOF, parties hereto have caused their duly authorized representatives to execute this AGREEMENT.

BOARD of Directors
(Appropriate State) Department or Branch

LICENSEE

By _____
____(Company, Address, Phone)

By _____
____ Name: Title:

Date _____

Date _____

Approved as to Form:

By _____ (Name, Address)

Date _____

Approved as to Content:

By _____ (Name, Title, Compan, Address)

Date _____

=====

EXHIBIT 1

PATENT RIGHTS

U.S. Patent Application Number _____, filed _____, entitled
" _____ " (BLANK file reference UTSD: _____).