Exclusive[[1]](#footnote-1) Digital Healthcare Technology License Agreement

by and between

[Academic Institution]

and

[Licensee]

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Exclusive Digital Healthcare Technology License Agreement

This Agreement, effective as of \_\_\_\_\_\_\_\_\_\_\_\_\_, 201\_ (the “Effective Date”), is between [Academic Institution] (“Institution”), a [\_\_\_\_\_\_\_\_\_\_ corporation], with a principal office at [\_\_\_\_\_\_\_\_\_\_\_\_\_] and [Licensee Company] (“Company”), a [\_\_\_\_\_\_\_\_\_\_ corporation], with a principal place of business at [\_\_\_\_\_\_\_\_\_\_\_\_\_].

R E C I T A L S

WHEREAS, Institution is the owner of certain Patent Rights (as later defined herein) relating to **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**;

WHEREAS, Institution is the owner of certain copyright-protected software in source code, executable code, or application code comprising the Program (as later defined herein) relating to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_;

WHEREAS, Institution is the owner of certain Data (as later defined herein) relating to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_;

WHEREAS, Institution desires to have the Patent Rights, Program and Data developed and commercialized and is willing to grant a license thereunder; and

WHEREAS, Company desires to obtain a license under the Patent Rights, Program and Data upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, Institution and Company hereby agree as follows:

# DEFINITIONS.

## “Affiliate” shall mean, with respect to a person, organization or entity, any person, organization or entity controlling, controlled by or under common control with, such person, organization or entity. For purposes of this definition only, “control” of another person, organization or entity will mean the possession, directly or indirectly, of the power to direct or cause the direction of the activities, management or policies of such person, organization or entity, whether through the ownership of voting securities, by contract or otherwise. Without limiting the foregoing, control will be presumed to exist when a person, organization or entity (a) owns or directly controls more than fifty percent (50%) of the outstanding voting stock or other ownership interest of the other organization or entity or (b) possesses, directly or indirectly, the power to elect or appoint more than fifty percent (50%) of the members of the governing body of the other organization or entity.

## “Copyright” shall mean Institution’s copyright interest in the Program, as ascribed in Sections 101 et seq. of the United States Copyright Act, as amended from time to time, and International Treaty provisions, in effect from time to time, relating to the protection of copyrights worldwide.

## “Data” shall mean the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ data described in Appendix D and not included in the Patent Rights and/or Program.

## “Derivative(s)” shall mean Company-created computer software that includes, or is based in whole or in part on, the Program, including, but not limited to, translations of the Program to other foreign or computer languages, adaptations of the Program to other hardware platforms, abridgments, condensations, revisions, and software incorporating all or any part of the Program, and which may also include Company-created modifications or enhancements or other Company or third party software.

## “End User” shall mean a third party granted rights to use, reproduce, perform or display the Program or Derivative(s), but without any rights to sublicense or distribute such works.

## “Field” shall mean \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

## “Licensed Product” shall mean any product that, in whole or in part:

### absent the license granted hereunder, would infringe one or more claims of the Patent Rights;

### is manufactured by using a Licensed Process or that, when used, practices a Licensed Process;

### comprises the Program or any Derivative[[2]](#footnote-2); or

### comprises Data[[3]](#footnote-3).

## “Licensed Process” shall mean any process that, absent the license granted hereunder, would infringe one or more claims of the Patent Rights or which uses a Licensed Product.[[4]](#footnote-4)

## “Net Sales” shall mean the gross amount invoiced by Company and its Affiliates and Sublicensees[[5]](#footnote-5) for Licensed Products[[6]](#footnote-6), less the following:

### customary trade, quantity, and cash discounts to the extent actually allowed and taken;

### amounts repaid or credited by reason of rejection or return;

### to the extent separately stated on purchase orders, invoices, or other documents of sale, any taxes or other governmental charges levied on the production, sale, transportation, delivery, or use of a Licensed Product which is paid by or on behalf of Company or its Affiliates or Sublicensees;

### portions of invoiced amounts written off by Company or its Affiliates or Sublicensees as uncollectable;[[7]](#footnote-7) and

### outbound transportation costs and costs of insurance in transit paid by or on behalf of Company or its Affiliates or Sublicensees; and

### taxes, duties and custom fees paid by or on behalf of Company or any of its Affiliates or Sublicensees on sales of Licensed Products (excluding income taxes).[[8]](#footnote-8)

Non-monetary consideration shall not be accepted by Company or any of its Affiliates or Sublicensees for any Licensed Products without the prior written consent of Institution.[[9]](#footnote-9)

## “Patent Challenge” shall mean a challenge to the validity, patentability, enforceability and/or non-infringement of any of the Patent Rights (as defined below) or otherwise opposing any of the Patent Rights[, provided that such a challenge that is made in the context of defending a claim of infringement of the Patent Rights shall not constitute a Patent Challenge hereunder].[[10]](#footnote-10)

## “Patent Rights” shall mean:

#### the United States and international patents listed on Appendix A;

#### the United States and international patent applications and/or provisional applications listed on Appendix A and the resulting patents;

#### any patent applications resulting from the provisional applications listed on Appendix A, and any divisionals, continuations, continuation-in-part applications, and continued prosecution applications (and their relevant international equivalents) of the patent applications listed on Appendix A and of such patent applications that result from the provisional applications listed on Appendix A, to the extent the claims are directed to subject matter specifically described in the patent applications listed on Appendix A, and the resulting patents;

#### any patents resulting from reissues, reexaminations, or extensions (and their relevant international equivalents) of the patents described in (a), (b), and (c) above; and

#### international (non-United States) patent applications and provisional applications filed after the Effective Date and the relevant international equivalents to divisionals, continuations, continuation-in-part applications and continued prosecution applications of the patent applications to the extent the claims are directed to subject matter specifically described in the patents or patent applications referred to in (a), (b), (c), and (d) above, and the resulting patents.

## “Program” shall mean (a) the software and computer program(s), whether in source code, object code, or application code format, known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and described in Appendix C, and related documentation, if any, created by or on behalf of Institution, as it exists on the Effective Date and (b) any updates to such software and computer program(s) and related documentation which may incorporate (i) corrections of any substantial defects; (ii) fixes of any minor bugs; and/or (iii) minor enhancements to the software or computer program(s) (*e.g.*, updates that are generally identified by Institution by a change to the version number to the right of the first decimal point (*e.g.*, version 4.1 to 4.2)). For clarity, the Program shall not include a new release of such software or computer program(s) that incorporates substantial changes or additions that (A) provide additional value and utility; (B) may be priced and offered separately as optional additions to such software or computer program(s); and/or (C) are not generally made available to customers or resellers without a separate charge, including, in each case, those releases generally identified by Institution by a change to the version number to the left of the first decimal point (*e.g.*, version 4.2 to 5.0).[[11]](#footnote-11)

## “Reporting Period” shall begin on the first day of each calendar quarter and end on the last day of such calendar quarter.

## “Sublicense Income” shall mean any payments that Company or an Affiliate receives from a Sublicensee in consideration of the sublicense of the rights granted Company and Affiliates under Section 2.1, including without limitation license fees, milestone payments, license maintenance fees, and other payments,[[12]](#footnote-12) but excluding royalty and profit-sharing payments received by Company and its Affiliates from Sublicensees[[13]](#footnote-13); provided that, if the sublicense includes a license or sublicense of rights beyond the sublicense under the Patent Rights, a reasonable allocation of such payments between the sublicense under the Patent Rights and the other licensed or sublicensed rights shall be made by mutual agreement of the parties based on the relative values thereof (with disagreements as to such allocations subject to dispute resolution pursuant to Section 13.3), and only the portion of such payments allocated to the sublicense under the Patent Rights shall be included in Sublicense Income for purposes of this Agreement.[[14]](#footnote-14)

## “Sublicensee” shall mean any non-Affiliate sublicensee of the rights granted Company under Section 2.1.

## “Term” shall mean the term of this Agreement, which shall commence on the Effective Date and shall remain in effect until the expiration or abandonment of all issued patents and filed patent applications within the Patent Rights, unless earlier terminated in accordance with the provisions of this Agreement.[[15]](#footnote-15)

## “Territory” shall mean \_\_\_\_\_\_\_\_\_\_\_\_\_.

# GRANT OF RIGHTS.

## License Grants.

### Patent Grant. Subject to the terms of this Agreement, Institution hereby grants to Company and its Affiliates[[16]](#footnote-16) an exclusive royalty-bearing license under the Patent Rights to develop, make, have made, use, sell, offer to sell, lease, and import Licensed Products in the Field in the Territory and to develop and perform Licensed Processes in the Field in the Territory.

### Software Grant. Subject to the terms of this Agreement, Institution hereby grants to Company and its Affiliates[[17]](#footnote-17) an exclusive royalty-bearing license under the Copyrights to the Program in the Field in the Territory: (i) the right to use, reproduce, copy, display and perform the Program; (ii) the right to modify, create Derivatives, and use, reproduce, display and perform the Program as a part of such Derivatives; (iii) the right to distribute, transfer, sell lease or sublicense Licensed Products and Licensed Processes.

### Data Grant. Subject to the terms of this Agreement, Institution hereby grants to Company and its Affiliates[[18]](#footnote-18) an exclusive royalty-bearing license under its rights in the Data in the Field in the Territory: to use, reproduce, modify, develop derivatives, distribute, perform and display Data and to distribute, transfer, sell lease or sublicense Licensed Products and Licensed Processes.

## Sublicenses.[[19]](#footnote-19) Company shall have the right to grant sublicenses of its rights under Section 2.1. Company shall incorporate terms and conditions into its sublicense agreements sufficient to enable Company to comply with this Agreement. Company shall also include provisions in all sublicenses to provide that in the event that Sublicensee brings a Patent Challenge against Institution or assists another party in bringing a Patent Challenge against Institution (except as required under a court order or subpoena) then Company may terminate the sublicense. Company shall promptly furnish Institution with a fully signed photocopy of any sublicense agreement. Upon termination of this Agreement for any reason, any Sublicensee not then in default shall have the right to convert its sublicense into a direct license from Institution, under which direct license Sublicensee shall pay Institution the same payments that would otherwise have been paid by Licensee to Institution in respect of the Sublicensee’s exercise of such license rights[[20]](#footnote-20); provided that, Institution shall not assume any obligations of Licensee to Sublicensee under the sublicense beyond the grant of such license to Sublicensee.

## U.S. Manufacturing. Company agrees that, to the extent required by 35 U.S.C. §204, Licensed Products sold by Company and its Affiliates and Sublicensees in the U.S. that are covered by a Licensed Patent arising from research using federal funds will be substantially manufactured in the U.S.

## Retained Rights.[[21]](#footnote-21)

#### Research and Educational Use. Institution retains the right on behalf of itself and all other non-profit research institutions to practice under the Patent Rights for academic research, teaching, and educational purposes.

#### Federal Government.[[22]](#footnote-22) Company acknowledges that the U.S. federal government retains a royalty-free, non-exclusive, non-transferable license to practice any government-funded invention claimed in any Patent Rights as set forth in 35 U.S.C. §§ 201-211, and the regulations promulgated thereunder, as amended, or any successor statutes or regulations.

#### Sponsor Right.[[23]](#footnote-23) Company acknowledges that Institution has issued or reserves the right to issue a future royalty free, non-exclusive, non-transferable license to the sponsor listed below to practice the Patent Rights, Program and/or Data only as they pertain to the specific project listed below, only if new inventions emerge from such sponsored research projects, in a specified field of use (if applicable) and only to the extent necessary to practice such new inventions.

|  |  |  |
| --- | --- | --- |
| Institution Case No. | Sponsor | Proposal No. |
|  |  |  |

## [Improvements. [Insert improvements language, if agreed.]] [[24]](#footnote-24)

## No Additional Rights. Nothing in this Agreement shall be construed to confer any rights upon Company by implication, estoppel, or otherwise as to any technology or patent rights of Institution or any other entity other than the Patent Rights, regardless of whether such technology or patent rights shall be dominant or subordinate to any Patent Rights.

## Additional Obligations. The terms set forth in Appendix E[[25]](#footnote-25) and Appendix F[[26]](#footnote-26) shall apply with respect to the Data.

# COMPANY DILIGENCE OBLIGATIONS.

## Diligence Requirements. Company, together with its Affiliates and Sublicensees, shall use commercially reasonable efforts[[27]](#footnote-27) to develop at least one Licensed Product[[28]](#footnote-28) and to introduce as least one Licensed Product into the commercial market; thereafter, Company or its Affiliates shall use commercially reasonable efforts to commercialize at least one Licensed Product. Specifically, Company or Affiliate shall fulfill[[29]](#footnote-29) the following obligations:

#### Within twelve (12) months after the Effective Date, Company shall furnish Institution with a written research and development plan describing the major tasks to be achieved in order to bring to market a Licensed Product, specifying the resources to be devoted to such commercialization effort.

#### Within sixty (60) days after the end of each calendar year, Company shall furnish Institution with a reasonably detailed written report (consistent with Section 5.1(a)) on the progress of its efforts during the immediately preceding calendar year to develop and commercialize Licensed Products. The report shall also contain a discussion of intended efforts for the year in which the report is submitted.

#### Company shall \_\_\_\_\_\_\_\_\_\_\_\_\_ on or before \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

#### Company shall raise at least \_\_\_\_\_\_\_\_\_\_\_\_ Dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_) by \_\_\_\_\_\_\_\_\_\_\_\_\_ from government grants and/or the sale of Company’s equity securities for its own account. [[30]](#footnote-30)

#### Company shall make a first commercial sale of a Licensed on or before \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

## Failure to Meet Diligence Milestones; Opportunity to Cure. If Company believes that it will not achieve a diligence milestone set forth in Section 3.1, it may notify Institution in writing in advance of the relevant deadline. Company shall include with such notice (a) a reasonable explanation of the reasons for such failure (and lack of finances will not constitute a reasonable basis for such failure) (“Explanation”) and (b) a reasonable, detailed, written plan for promptly achieving a reasonable extended and/or amended milestone (“Plan”). If Company so notifies Institution, but fails to provide Institution with both an Explanation and Plan, then Company will have an additional thirty (30) days or until the original deadline of the relevant milestone, whichever is later, to meet such milestone. If Company so notifies Institution and provides Institution with an Explanation and Plan, both of which are acceptable to Institution in its reasonable discretion, then Section 3.1 will be amended automatically to incorporate the extended and/or amended milestone set forth in the Plan. If Company so notifies Institution and provides Institution with an Explanation and Plan, but the Plan is not acceptable to Institution in its reasonable discretion, then Institution will explain to Company why the Plan is not acceptable and provide Company with suggestions for an acceptable Plan. In such event, Company will have one additional opportunity to provide Institution with an acceptable Plan within ninety (90) days, during which time Institution agrees to work with Company in its effort to develop an acceptable Plan. If, within such ninety (90) days, Company provides Institution with an acceptable Plan, then Section 3.1 will be amended automatically to incorporate the extended and/or amended milestone set forth in the Plan.[[31]](#footnote-31)

# ROYALTIES AND PAYMENT TERMS.

## Consideration for Grant of Rights.[[32]](#footnote-32)

#### License Issue Fee and Patent Cost Reimbursement. Company shall pay to Institution on the Effective Date a license issue fee of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ dollars ($\_\_\_\_\_\_\_\_\_\_), and, in accordance with Section 6.3, shall reimburse Institution for its actual expenses incurred as of the Effective Date in connection with obtaining the Patent Rights. These payments are nonrefundable.

#### License Maintenance Fees. Company shall pay to Institution the following license maintenance fees on the dates set forth below:

January 1, 201\_…………………….$\_\_\_\_\_\_\_\_\_\_

January 1, 201\_…………………….$\_\_\_\_\_\_\_\_\_\_

January 1, 201\_…………………….$\_\_\_\_\_\_\_\_\_\_

and each January 1 of

every year thereafter………………$\_\_\_\_\_\_\_\_\_\_

This annual license maintenance fee is nonrefundable; however, the license maintenance fee may be credited against milestone payments under Section 4.1(c) and running royalties under Section 4.1(d) that become payable during the same calendar year, if any. License maintenance fees paid in excess of such milestone payments and running royalties due in such calendar year shall not be creditable to amounts due for future years.

#### Milestone Payments. Company shall make the nonrefundable milestone payments to Institution that are set forth below upon the first achievement by Company or its Affiliates or Sublicensees of the milestone events set forth below:

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

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

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

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

#### Running Royalties. Company shall pay to Institution a running royalty of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ percent (**\_\_**%) of Net Sales[[33]](#footnote-33). Running royalties shall be payable for each Reporting Period and shall be due to Institution within sixty (60) days of the end of each Reporting Period.[[34]](#footnote-34)

#### Sharing of Sublicense Income. Company shall pay Institution a total of \_\_\_\_\_\_\_\_\_ percent (\_\_%)[[35]](#footnote-35) of all Sublicense Income received by Company or Affiliates. Such amount shall be payable for each Reporting Period and shall be due to Institution within sixty (60) days of the end of each Reporting Period.[[36]](#footnote-36)

#### Consequences of a Patent Challenge. In the event that (i) Company or any of its Affiliates[[37]](#footnote-37) brings a Patent Challenge against Institution, or (ii) Company or any of its Affiliates assists another party in bringing a Patent Challenge against Institution (except as required under a court order or subpoena), and (iii) Institution does not choose to exercise its rights to terminate this Agreement pursuant to Section 12.4, then the running royalties due hereunder shall be doubled for the remainder of the term of the Agreement. In the event that such a Patent Challenge is successful, Company will have no right to recoup any royalties paid during the period of challenge. In the event that a Patent Challenge is unsuccessful, Company shall reimburse Institution for all reasonable legal fees and expenses incurred in its defense against the Patent Challenge.

#### No Multiple Royalties. If the manufacture, use, lease, or sale of any Licensed Product or the performance of any Licensed Process is covered by more than one of the Patent Rights, multiple royalties shall not be due.

#### Equity.[[38]](#footnote-38)

### Initial Grant.  Company shall issue a total of                     (**\_\_\_\_**) shares of Common Stock of Company, $0.0001 par value per share, (the “Shares”) to Institution. The aforementioned percentages shall be determined by Institution Such issuances shall be recorded on the Stock Transfer Ledger of Company on the Effective Date and the Shares shall be delivered to Institution within thirty (30) days of the Effective Date. Company may require that Institution execute an investment letter in which Institution makes customary representations as to its investment intent and related securities law matters in connection with such issuance.

Company represents to Institution that, as of the Effective Date, the aggregate number of Shares equals \_\_\_\_\_\_\_\_\_ percent (\_\_\_%) of the Company’s issued and outstanding Common Stock calculated on a “Fully Diluted Basis” as of the Effective Date For purposes of this Section 4.1(h), “Fully Diluted Basis” shall mean the total number of issued and outstanding shares of the Company’s Common Stock calculated to include conversion of all issued and outstanding securities convertible into Common Stock, the exercise of all outstanding options and warrants to purchase shares of Common Stock, whether or not then exercisable, and the conversion or exercise of all rights to purchase or acquire Common Stock, whether or not then convertible or exercisable.

### Miscellaneous. The Shares, and all other shares of Common Stock and other securities of the Company that may be issued to Institution pursuant to this Section 4.1(h), shall be duly authorized, validly issued, fully paid and nonassessable.

### Anti-Dilution. [Insert anti-dilution language, if agreed.]] [[39]](#footnote-39)

## Payments.

#### Method of Payment. All payments under this Agreement should be made payable to “[Institution Name]” and sent to the address identified in Section 14.1. Each payment should reference this Agreement and identify the obligation under this Agreement that the payment satisfies.

#### Payments in U.S. Dollars. All payments due under this Agreement shall be drawn on a United States bank and shall be payable in United States dollars. Conversion of foreign currency to U.S. dollars shall be made at the conversion rate existing in the United States (as reported by the Federal Reserve Bank of \_\_\_\_\_\_)[[40]](#footnote-40) on the last working day of the calendar quarter of the applicable Reporting Period. Such payments shall be without deduction of exchange, collection, or other charges, and, specifically, without deduction of withholding or similar taxes or other government imposed fees or taxes, except as permitted in the definition of Net Sales.

#### Late Payments. Any payments by Company that are not paid on or before the date such payments are due under this Agreement shall bear interest, to the extent permitted by law, at [\_\_\_] percentage points above the Prime Rate of interest as reported by the Federal Reserve Bank of \_\_\_\_\_\_[[41]](#footnote-41) on the last business day of the calendar quarterly reporting period to which such royalty payments relate.

# REPORTS AND RECORDS.

## Frequency of Reports.

#### Before First Commercial Sale. Prior to the first commercial sale of any Licensed Product or first commercial performance of any Licensed Process, Company shall deliver reports to Institution annually, within sixty (60) days of the end of each calendar year, containing information concerning the immediately preceding calendar year, as further described in Sections 3.1(b) and 5.2.

#### Upon First Commercial Sale of a Licensed Product or Commercial Performance of a Licensed Process. Company shall report to Institution the date of first commercial sale of a Licensed Product and the date of first commercial performance of a Licensed Process within sixty (60) days of occurrence in each country.

#### After First Commercial Sale or First Receipt of Sublicense Income. After the first commercial sale of a Licensed Product, first commercial performance of a Licensed Process or first receipt of Sublicense Income, Company shall deliver reports to Institution within sixty (60) days of the end of each Reporting Period, containing information concerning the immediately preceding Reporting Period, as further described in Section 5.2.

## Content of Reports and Payments. Each report delivered by Company to Institution shall contain at least the following information for the immediately preceding Reporting Period:[[42]](#footnote-42)

### the number of Licensed Products sold, leased or distributed by Company, its Affiliates and Sublicensees[[43]](#footnote-43) to independent third parties;

### a description of Licensed Processes performed by Company, its Affiliates and Sublicensees as may be pertinent to a royalty accounting hereunder;

### the gross price charged by Company, its Affiliates and Sublicensees for each Licensed Product and the gross price charged for each Licensed Process performed by Company, its Affiliates and Sublicensees;

### calculation of Net Sales for the applicable Reporting Period, including a summary of applicable deductions by category;

### total royalty payable on Net Sales in U.S. dollars, together with the exchange rates used for conversion;

### the amount of Sublicense Income received by Company and its Affiliates from each Sublicensee and the amount due to Institution from such Sublicense Income, including an itemized breakdown of the sources of income comprising the Sublicense Income; and

### the number of sublicenses entered into for the Patent Rights, Licensed Products and/or Licensed Processes.

If no amounts are due to Institution for any Reporting Period, the report shall so state.

## Financial Statements. For any Company fiscal year during the term of this Agreement for which Company is not required to publicly file its financial statements with the U.S. Securities and Exchange Commission in accordance with the Securities Exchange Act of 1934, as amended, on or before the one hundred twentieth (120th) day following the close of Company’s fiscal year, Company shall provide Institution with Company’s financial statements for the preceding fiscal year including, at a minimum, a balance sheet and an income statement, certified on behalf of Company by Company’s treasurer or chief financial officer or by an independent auditor.

## Records. Company shall maintain, and shall cause its Affiliates and Sublicensees to maintain, complete and accurate records relating to the payment rights and obligations under this Agreement and any amounts payable to Institution in relation to this Agreement, which records shall contain sufficient information to permit Institution to confirm the accuracy of any reports and payments delivered to Institution. The relevant party shall retain such records for at least five (5) years following the end of the calendar year to which they pertain, during which time Institution shall have the right, at Institution’s expense, to have a reputable national or international certified public accounting firm reasonably acceptable to Company, which Company may require enter into a reasonable confidentiality agreement with Company, inspect such records of Company and its Affiliates during normal business hours[[44]](#footnote-44) to verify any reports and payments made or compliance in other respects under this Agreement. In the event that any audit performed under this Section reveals an aggregate underpayment in excess of five percent (5%) over a calendar year, Company shall bear the full cost of such audit and shall remit any amounts due to Institution within thirty (30) days of receiving notice thereof from Institution

## Confidentiality.[[45]](#footnote-45) Institution shall hold in confidence any nonpublic information contained in business plans and reports, forecasts, diligence reports, financial statements and reports and copies of sublicenses, whether received before or after the Effective Date, provided all are clearly marked as confidential in a header, footer, margin or other conspicuous manner. Institution shall use such nonpublic information only for the purposes of this Agreement, subject to disclosures to the extent required by law.

# PATENT PROSECUTION.

## Responsibility for Patent Rights; Input by Company. Institution will be responsible for the preparation, filing, prosecution, protection and maintenance of all Patent Rights, using independent patent counsel reasonably acceptable to Company. Institution will: (a) instruct such patent counsel to furnish the Company with copies of all correspondence relating to the Patent Rights from the United States Patent and Trademark Office (USPTO) and any other patent office, as well as copies of all proposed responses to such correspondence in time for Company to review and comment on such response; (b) give Company an opportunity to review the text of each patent application before filing; (c) consult with Company with respect thereto; (d) supply Company with a copy of the application as filed, together with notice of its filing date and serial number; and (e) keep Company advised of the status of actual and prospective patent filings. Institution shall give Company the opportunity to provide comments on and make requests of Institution[[46]](#footnote-46) concerning the preparation, filing, prosecution, protection and maintenance of the Patent Rights, and shall consider such comments and requests in good faith; however, final decision-making authority shall vest in Institution.

## International (non-United States) Filings. Appendix B is a list of countries in which patent applications corresponding to the United States patent applications listed in Appendix A shall be filed, prosecuted, and maintained. Appendix B may be amended by mutual agreement of Company and Institution.[[47]](#footnote-47)

## Payment of Expenses. Subject to Section 6.4, payment of all fees and costs, including attorneys’ fees, relating to the filing, prosecution and maintenance of the Patent Rights shall be the responsibility of Company, whether such amounts were incurred before or after the Effective Date. As of \_\_\_\_\_\_\_\_\_, Institution has incurred approximately $\_\_\_\_\_\_\_\_\_\_\_ for such patent-related fees and costs. Payment of these unreimbursed amounts incurred before the Effective Date shall be made according to the following schedule:

On Effective Date………………...$\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_……………….…………$\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_…………remaining balance

Company shall reimburse such amounts due pursuant to this Section within thirty (30) days of invoicing; late payments shall accrue interest pursuant to Section 4.2(c). In all instances, Institution shall pay the fees prescribed for large entities[[48]](#footnote-48) to the United States Patent and Trademark Office.

## Abandonment. If Company decides that it does not wish to pay for the preparation, filing, prosecution, protection or maintenance of any Patent Rights in a particular country (“Removed Patent Rights”), Company shall provide Institution with prompt written notice of such election. Upon receipt of such notice by Institution, Company shall be released from its obligation to reimburse Institution for the expenses incurred thereafter as to such Removed Patent Rights; provided, however, that expenses authorized prior to the receipt by Institution of such notice shall be deemed incurred prior to the notice. In the event of Company’s abandonment of any Patent Rights, any license granted by Institution to Company hereunder with respect to such Removed Patent Rights will terminate, and Company will have no rights whatsoever to exploit such Removed Patent Rights. Institution will then be free, without further notice or obligation to Company, to grant rights in and to such Removed Patent Rights to third parties.

# INFRINGEMENT.[[49]](#footnote-49)

## Notification of Infringement. Each party agrees to provide written notice to the other party promptly after becoming aware of any infringement of the Patent Rights in the Field.

## Right to Prosecute Infringements.

#### Company Right to Prosecute. Company, to the extent permitted by law, shall have the right, under its own control and at its own expense, to prosecute any third party infringement of the Patent Rights in the Field in the Territory, subject to Sections 7.4 and 7.5. If required by law, Institution shall permit any action under this Section to be brought in its name, including being joined as a party-plaintiff, provided that Company shall hold Institution harmless from, and indemnify Institution against, any costs, expenses, or liability that Institution incurs in connection with such action. Company’s selection of counsel (to represent Company and Institution in such an action) shall be subject to Institution’s approval, which shall not be unreasonably withheld.

Prior to commencing any such action, Company shall consult with Institution and shall consider the views of Institution regarding the advisability of the proposed action and its effect on the public interest. Company shall not enter into any settlement, consent judgment, or other voluntary final disposition of any infringement action under this Section that imposes any obligations on Institution (other than financial obligations that are fully satisfied by Company) or that admits the invalidity or unenforceability of any of the Patent Rights without the prior written consent of Institution.

#### Institution Right to Prosecute. In the event that Company is unsuccessful in persuading the alleged infringer to desist or fails to have initiated an infringement action within a reasonable time after Company first becomes aware of the basis for such action, Institution shall have the right, at its sole discretion, to prosecute such infringement under its sole control and at its sole expense, and any recovery obtained shall belong to Institution.

## Declaratory Judgment Actions. In the event that a Patent Challenge is brought against Institution or Company by a third party, Institution, at its option, shall have the right within twenty (20) days after commencement of such action to assume the sole defense of the action at its own expense. If Institution does not exercise such right, Institution shall notify Company of Institution’s election not to assume such defense in time for Company to assume such defense without a loss of rights, and Company shall have the right to assume the sole defense of the action at Company’s sole expense, subject to Sections 7.4 and 7.5.

## Offsets. Company may offset a total of fifty percent (50%) of any expenses incurred under Sections 7.2 and 7.3 against any payments due to Institution under Article 4, provided that in no event shall such payments under Article 4, when aggregated with any other offsets and credits allowed under this Agreement, be reduced by more than fifty percent (50%) in any Reporting Period.[[50]](#footnote-50)

## Recovery. Any recovery obtained in an action brought by Company under Sections 7.2 or 7.3 shall, subject to Section 7.2(b), be distributed as follows: (i) each party shall be reimbursed for any expenses incurred in the action (including the amount of any royalty or other payments withheld from Institution as described in Section 7.4) and (ii) \_\_\_\_ percent (\_\_%) of the remainder shall be paid to Institution and \_\_\_\_ percent (\_\_%) of the remainder shall be paid to Company.

## Cooperation. Each party agrees to cooperate in any action under this Article which is controlled by the other party, provided that the controlling party reimburses the cooperating party promptly for any costs and expenses incurred by the cooperating party in connection with providing such assistance. Where the parties agree it is necessary or desirable, the parties may enter into separate agreement(s) to govern their cooperation, *inter alia*, in order to maintain attorney-client privilege.

## Right to Sublicense. Company shall have the sole right to sublicense any alleged infringer in the Field in the Territory for future use of the Patent Rights in accordance with the terms and conditions of this Agreement relating to sublicenses. Any upfront fees as part of such sublicense shall be shared between Company and Institution as follows: \_\_\_\_\_\_\_\_\_\_\_\_\_; other revenues to Company pursuant to such sublicense shall be treated as set forth in Article 4.

# INDEMNIFICATION AND INSURANCE.

## Indemnification.[[51]](#footnote-51)

#### Indemnity. Company shall indemnify, defend, and hold harmless Institution and its trustees, officers, faculty, students, employees, and agents and their respective successors, heirs and assigns (the “Indemnitees”), against any liability, damage, loss, or expense (including reasonable attorneys’ fees and expenses) incurred by or imposed upon any of the Indemnitees in connection with any claims, suits, investigations, actions, demands or judgments arising out of or related to the exercise of any rights granted to Company under this Agreement or any breach of this Agreement by Company.[[52]](#footnote-52)

#### Procedures. The Indemnitees agree to provide Company with prompt written notice of any claim, suit, investigation, action, demand, or judgment for which indemnification is sought under this Agreement. Company agrees, at its own expense, to provide attorneys reasonably acceptable to Institution to defend against any such claim. The Indemnitees shall cooperate fully with Company in such defense and will permit Company to conduct and control such defense and the disposition of such claim, suit, or action (including all decisions relative to litigation, appeal, and settlement); provided, however, that any Indemnitee shall have the right to retain its own counsel, at the expense of Company (provided that Company shall not be obligated to pay for more than one counsel for Indemnitee(s) for any given claim, suit, investigation, action, demand, or judgment), if representation of such Indemnitee by the counsel retained by Company would be inappropriate because of actual or potential conflicts in the interests of such Indemnitee and any other party represented by such counsel. Company agrees to keep Institution informed of the progress in the defense and disposition of such claim and to consult with Institution with regard to any proposed settlement.

## Insurance.[[53]](#footnote-53) Company shall obtain and carry in full force and effect commercial general liability insurance, including product liability, products/completed operations coverage and errors and omissions liability insurance which shall protect Company and Indemnitees with respect to events covered by Section 8.1(a) above. Such insurance shall list Institution as an additional insured thereunder, for the commercial general liability and products liability policy(ies) only. The limits of the commercial general liability insurance shall not be less than \_\_\_\_\_\_\_\_\_\_\_\_\_ Dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_) per occurrence with an aggregate of \_\_\_\_\_\_\_\_\_\_\_\_\_ Dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_) for bodily injury including death, property damage, and products/completed operations coverage. The limits of the errors and omissions liability insurance shall not be less than \_\_\_\_\_\_\_\_\_\_\_\_\_ Dollars ($\_\_\_\_\_\_\_\_\_\_\_\_\_) per claim and in the aggregate. Company shall provide Institution with Certificates of Insurance evidencing ongoing compliance with this Section. Company shall continue to maintain such insurance after the expiration or termination of this Agreement during any period in which Company or any Affiliate or Sublicensee continues (i) to make, use, or sell a product that was a Licensed Product under this Agreement or (ii) to perform a service that was a Licensed Process under this Agreement, and thereafter for a period of three (3) years, if the coverage is under a claims-made policy.

# REPRESENTATIONS AND WARRANTIES; DISCLAIMERS[[54]](#footnote-54)

## Representations and Warranties. Each party hereby represents and warrants to the other party, as of the Effective Date, that (a) such party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof; (b) such party has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder; and (c) this Agreement has been duly executed and delivered on behalf of such party, and constitutes a legal, valid, binding obligation, enforceable against it in accordance with the terms hereof.[[55]](#footnote-55)

## EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND CONCERNING THE PATENT RIGHTS, AND HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS, VALIDITY, ENFORCEABILITY AND SCOPE OF PATENT RIGHTS, WHETHER ISSUED OR PENDING, AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE. INSTITUTION EXTENDS NO WARRANTIES OF ANY KIND AS TO PROGRAM CONFORMITY WITH WHATEVER USER MANUALS OR OTHER LITERATURE MAY BE ISSUED FROM TIME TO TIME. Furthermore, and not to limit the foregoing, Institution makes no warranty or representation that the exploitation of the Program, Data or any Derivative will not infringe any patents or other intellectual property rights of Institution or of a third party.

## IN NO EVENT SHALL EITHER PARTY, ITS TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING LOST PROFITS, REGARDLESS OF WHETHER SUCH PARTY SHALL BE ADVISED, SHALL HAVE OTHER REASON TO KNOW, OR IN FACT SHALL KNOW OF THE POSSIBILITY OF THE FOREGOING.

# ASSIGNMENT.

This Agreement is personal to Company and no rights or obligations may be assigned by Company without the prior written consent of Institution , except that Company may assign this Agreement to an Affiliate or in connection with the sale or transfer of all or substantially all of Company’s business relating to the Licensed Products and Licensed Processes, whether by merger, consolidation, sale of assets or otherwise; provided that (a) the assignee shall agree in writing to be bound by the terms and conditions hereof prior to such assignment and (b) neither Company nor any of its Affiliates is in material default of any of its obligations under this Agreement on the effective date of such assignment.[[56]](#footnote-56)

# GENERAL COMPLIANCE WITH LAWS.

## Compliance with Laws. Company shall use reasonable commercial efforts to comply with all commercially material local, state, federal, and international laws and regulations relating to the development, manufacture, use, and sale of Licensed Products and Licensed Processes.

## Export Control. Company and its Affiliates and Sublicensees shall comply with all United States laws and regulations controlling the export of certain commodities and technical data, including without limitation all Export Administration Regulations of the United States Department of Commerce. Among other things, these laws and regulations prohibit or require a license for the export of certain types of commodities and technical data to specified countries. Company hereby gives written assurance that it will comply with, and will cause its Affiliates and Sublicensees to comply with, all United States export control laws and regulations, that it bears sole responsibility for any violation of such laws and regulations by itself or its Affiliates or Sublicensees, and that it will indemnify, defend, and hold Institution harmless (in accordance with Section 8.1) for the consequences of any such violation.

## Non-Use of Institution Name.[[57]](#footnote-57) Company and its Affiliates and Sublicensees shall not use the name of “[Institution Name]” or any variation, adaptation, or abbreviation thereof, or of any of its trustees, officers, faculty, students, employees, or agents, or any trademark owned by Institution, or any terms of this Agreement in any promotional material or other public announcement or disclosure without the prior written consent of Institution, which consent Institution may withhold in its sole discretion.[[58]](#footnote-58)  The foregoing notwithstanding, without the consent of Institution, Company may make factual statements during the term of this Agreement that Company has a license from Institution under one or more of the patents and/or patent applications comprising the Patent Rights and to Programs and Data, as applicable, in informational business literature. Such statements may not be used in marketing, promotion, or advertising, or in any manner that would suggest or imply an endorsement by Institution.

## Marking of Licensed Products. To the extent commercially feasible and consistent with prevailing business practices, Company shall mark, and shall cause its Affiliates and Sublicensees to mark, all Licensed Products that are manufactured or sold under this Agreement with the number of each issued patent under the Patent Rights that applies to such Licensed Product. For the avoidance of doubt, the foregoing marking requirements may be satisfied pursuant to The America Invents Act by providing an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent.

# TERMINATION.

## Voluntary Termination by Company. Company shall have the right to terminate this Agreement, for any reason, (i) upon at least six (6) months[[59]](#footnote-59) prior written notice to Institution, such notice to state the date at least six (6) months in the future upon which termination is to be effective, and (ii) upon payment of all amounts due to Institution through such termination effective date.[[60]](#footnote-60)

## Cessation of Business. If Company permanently ceases to carry on its business related to this Agreement, Institution shall have the right to terminate this Agreement immediately upon written notice to Company.[[61]](#footnote-61)

## Termination for Default.

#### Nonpayment. In the event Company fails to pay any amounts due and payable to Institution hereunder, and fails to make such payments within thirty (30) days after receiving written notice of such failure, Institution may terminate this Agreement immediately upon written notice to Company. [[62]](#footnote-62)

#### Material Breach. In the event Company commits a material breach of its obligations under this Agreement, except for breach as described in Section 12.3(a), and fails to cure that breach within sixty (60) days after receiving written notice thereof, Institution may terminate this Agreement immediately upon written notice to Company; provided that, if such material breach is not reasonably susceptible of cure within such sixty (60) day notice period, but Company commences efforts to cure such breach within such sixty (60) day period and is using reasonable efforts to effect such cure within one hundred twenty (120) days following the notice of breach from Institution, Institution may not terminate this Agreement unless and until one hundred twenty (120) days following such notice have elapsed without Company curing such breach.

## Termination as a Consequence of Patent Challenge.

#### By Company. If Company or any of its Affiliates brings a Patent Challenge against Institution, or assists others in bringing a Patent Challenge against Institution (except as required under a court order or subpoena), then Institution may immediately terminate this Agreement.

#### By Sublicensee. If a Sublicensee brings a Patent Challenge or assists another party in bringing a Patent Challenge (except as required under a court order or subpoena), then Institution may send a written demand to Company to terminate such sublicense. If Company fails to so terminate such sublicense within thirty (30) days after Institution’s demand, Institution may immediately terminate this Agreement.

## Effect of Termination.

#### Survival. The following provisions shall survive the expiration or termination of this Agreement:

 Article 1 (“Definitions”);

 Section 4.1(g) (“Consideration for Grant of Rights”>>“Equity”)

 Section 5.2 (“Content of Reports and Payments”);

 Section 5.4 (“Records”);

 Article 8 (“Indemnification and Insurance”);

 Article 9 (“No Representations or Warranties”);

 Section 11.1 (“Compliance With Laws”);

 Section 11.2 (“Export Control”);

 Section 12.5 (“Effect of Termination”);

 Article 13 (“Dispute Resolution”);

 Article 14 (“Miscellaneous”).

#### Pre-termination Obligations. In no event shall termination of this Agreement release Company, Affiliates, or Sublicensees from the obligation to pay any amounts that became due on or before the effective date of termination.

# DISPUTE RESOLUTION.

## Mandatory Procedures. The parties agree that any dispute arising out of or relating to this Agreement shall be resolved solely by means of the procedures set forth in this Article, and that such procedures constitute legally binding obligations that are an essential provision of this Agreement. If either party fails to observe the procedures of this Article, as may be modified by their written agreement, the other party may bring an action for specific performance of these procedures in any court of competent jurisdiction.

## Equitable Remedies. Although the procedures specified in this Article are the sole and exclusive procedures for the resolution of disputes arising out of or relating to this Agreement, either party may seek a preliminary injunction or other provisional equitable relief if, in its reasonable judgment, such action is necessary to avoid irreparable harm to itself or to preserve its rights under this Agreement.

## Dispute Resolution Procedures.

#### Mediation. In the event of any dispute arising out of or relating to this Agreement, either party may initiate mediation upon written notice to the other party (“Notice Date”) pursuant to Section 14.1, whereupon both parties shall be obligated to engage in a mediation proceeding. The mediation shall commence within forty-five (45) days of the Notice Date. The mediation shall be conducted by a single mediator in \_\_\_\_\_\_\_\_\_\_. The party requesting mediation shall designate two (2) or more nominees for mediator in its notice. The other party may accept one of the nominees or may designate its own nominees by notice addressed to the American Arbitration Association (AAA) and copied to the requesting party. If within, fifteen (15) days following the request for mediation, the parties have not selected a mutually acceptable mediator, a mediator shall be appointed by the AAA according to the Commercial Mediation Rules. The mediator shall attempt to facilitate a negotiated settlement of the dispute, but shall have no authority to impose any settlement terms on the parties. The expenses of the mediation shall be borne equally by the parties, but each party shall be responsible for its own counsel fees and expenses.

#### Arbitration.[[63]](#footnote-63) If the dispute is not resolved by mediation within forty-five (45) days after commencement of mediation, either party may, as the exclusive means for resolving the dispute, submit the matter to binding arbitration under the commercial arbitration rules of the American Arbitration Association (“AAA”), which shall administer the arbitration and act as appointing authority. The arbitration shall be conducted in the English language by a single arbitrator jointly appointed by the parties; provided, however, that if the parties cannot agree within thirty (30) days after the initiation of the arbitration, then the arbitrator shall be appointed by the AAA. The arbitrator shall be authorized to grant interim relief. Under no circumstances shall the arbitrator be authorized to award punitive damages, including but not limited to federal or state statutes permitting multiple or punitive damage awards. The award of the arbitrator shall be the sole and exclusive remedy of the parties and shall be enforceable in any court of competent jurisdiction, subject only to revocation on grounds of fraud or clear bias on the part of the arbitrator. Notwithstanding the foregoing, application may be made to any court for a judicial acceptance of the award or order of enforcement. The place of the arbitration shall be \_\_\_\_\_\_\_\_\_\_\_\_\_. At any time, a party may seek or obtain preliminary, interim or conservatory measures from the arbitrator or from a court.

## Performance to Continue. Each party shall continue to perform its undisputed obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement; provided, however, that a party may suspend performance of its undisputed obligations during any period in which the other party fails or refuses to perform its undisputed obligations. Nothing in this Article is intended to relieve Company from its obligation to make undisputed payments pursuant to Articles 4 and 6 of this Agreement.

## Statute of Limitations. The parties agree that all applicable statutes of limitation and time-based defenses (including, but not limited to, estoppel and laches) shall be tolled while the procedures set forth in Sections 13.3(a) are pending. The parties shall cooperate in taking any actions necessary to achieve this result.

# MISCELLANEOUS.

## Notice. Any notices required or permitted under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be sent by hand, recognized national overnight courier, confirmed facsimile transmission, confirmed electronic mail, or registered or certified mail, postage prepaid, return receipt requested, to the following addresses or facsimile numbers of the parties:

If to Institution:

 Attention:

 Tel:

 Fax:

If to Company:

 Attention:

 Tel:

 Fax:

All notices under this Agreement shall be deemed effective upon receipt. A party may change its contact information immediately upon written notice to the other party in the manner provided in this Section.

## Governing Law/Jurisdiction. This Agreement and all disputes arising out of or related to this Agreement, or the performance, enforcement, breach or termination hereof, and any remedies relating thereto, shall be construed, governed, interpreted and applied in accordance with the laws of the Commonwealth of Massachusetts, U.S.A., without regard to conflict of laws principles, except that questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent shall have been granted. Each party submits to the jurisdiction of such courts and waives any claim that such court lacks jurisdiction over such party or constitutes an inconvenient or improper forum.

## Force Majeure. Neither party will be responsible for delays resulting from causes beyond the reasonable control of such party, including without limitation fire, explosion, flood, war, strike, or riot, provided that the nonperforming party uses commercially reasonable efforts to avoid or remove such causes of nonperformance and continues performance under this Agreement with reasonable dispatch whenever such causes are removed.

## Amendment and Waiver. This Agreement may be amended, supplemented, or otherwise modified only by means of a written instrument signed by both parties. Any waiver of any rights or failure to act in a specific instance shall relate only to such instance and shall not be construed as an agreement to waive any rights or fail to act in any other instance, whether or not similar.

## Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision of this Agreement, and the parties shall negotiate in good faith to modify the Agreement to preserve (to the extent possible) their original intent. If the parties fail to reach a modified agreement within thirty (30) days after the relevant provision is held invalid or unenforceable, then the dispute shall be resolved in accordance with the procedures set forth in Article 13. While the dispute is pending resolution, this Agreement shall be construed as if such provision were deleted by agreement of the parties.

## Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns.

## Headings. All headings are for convenience only and shall not affect the meaning of any provision of this Agreement.

## Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements or understandings between the parties relating to its subject matter.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

[Academic Institution] [Company]

By: By:

Name: Name:

Title: Title:

APPENDIX A

List of Patent Applications and Patents

APPENDIX B

List of Countries (excluding United States) for which

Patent Rights Applications Will Be Filed, Prosecuted and Maintained

APPENDIX C

List of Software (“PROGRAM”)

APPENDIX D

List/Description of Data

APPENDIX E

Data Provisions

1. **PURPOSE.** Institution shall provide the Data to Company for the purpose of [\_\_\_\_\_][[64]](#footnote-64) (the “Purpose”). The Data shall not be used except as authorized under this Agreement. In no circumstances shall the Data be used in connection with the diagnosis or treatment of human subjects.
2. **USE OF DATA.**

[\_\_\_\_\_\_\_\_][[65]](#footnote-65)

Data may be used in the form of raw data and aggregated form. Data [may/may not] be combined with other data sets.

1. **INTELLECTUAL PROPERTY AND PUBLICATION.** Company will be free to publish the results of the research derived from, based on or using the Data after providing Institution in advance with a thirty (30) day period in which to review each proposed publication in confidence, provided that the scope and purpose of such review will be limited to the identification of Data contained in the publication. At the end of the 30-day review period, Company will have the right to publish, excluding Data. For the avoidance of doubt, once a work has been reviewed, the content may be disclosed in substantially the same form on multiple occasions without additional review by Institution.

Company agrees to recognize the contribution of Institution in all written or oral public disclosures concerning Company’s research using the Data, by either acknowledgment or co-authorship, as appropriate in accordance with scholarly standards.[[66]](#footnote-66)

Company shall own the entire right, title and interest, including all patents, copyrights, and other intellectual property rights, in and to (i) all their research results based on, derived from or using the Data, and (ii) all tangible materials, inventions, discoveries, works of authorship, software, information, and data conceived or developed by them in the performance of the Purpose.

1. **CONFIDENTIALITY.** Company (i) will use reasonable care to protect the security of Data, (ii) will limit access to Data to authorized recipients as provided in Section 1; and (iii) will not at any time during or after the term of this Agreement disclose Data to any other person without first obtaining Institution’s prior written consent (except as otherwise required by law in which case Company shall, unless otherwise prohibited by law, notify Institution prior to such disclosure). Company will report promptly to Institution any disclosure of Data not provided for by this Agreement of which it becomes aware.

Any computers and other devices that are used to access, store and work with the Data must be correctly configured and operated in a manner that meets the following requirements:

[\_\_\_\_\_\_\_\_][[67]](#footnote-67)

Notwithstanding the foregoing, in no event is information Data if it (a) was lawfully in the possession of Company before receipt from Institution; (b) is or becomes publicly available through no fault of Company; (c) is received by Company, without restriction as to further disclosure, from a third party having an apparent bona fide right to disclose the information to Company; or (d) is independently developed by Company without use of the Data.

Institution may be identified as the source of the Data.

The Data shall be provided to Company by means of electronic files, access to which shall be encrypted, or otherwise transmitted securely by Institution (e.g., secure file sharing system or a secure flash drive).[[68]](#footnote-68) The Data will be provided as [raw data/aggregate data].[[69]](#footnote-69)

1. **NO REPRESENTATIONS AND WARRANTIES.** [[70]](#footnote-70)ALL DATA ARE PROVIDED “AS IS.” INSTITUTION MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE DATA’S ACCURACY, COMPLETENESS, OR USE. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE DATA WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER PROPRIETARY RIGHTS.

Company assumes all liability for claims by third parties which may arise from its use, storage or disposal of the Data.

1. **TERMINATION.** Upon the termination or expiration of this Agreement, Institution may instruct Company in writing to either destroy or return the Data to Institution within a reasonable time limit, but not more than thirty (30) days from the date of notification, provided, however, that Company may retain one copy of the Data to the extent necessary to comply with the records retention requirements under any law or regulation and for the purposes of research integrity and verification.[[71]](#footnote-71)

APPENDIX F

Provisions on Identifiable Information

Company will not be provided with any information which is identifiable under applicable U.S. law, however if Company inadvertently receives identifiable information, it will (i) promptly notify Institution; (ii) maintain the privacy and security of the information and (iii) follow Institution’s instructions regarding return or destruction of the information.[[72]](#footnote-72)

1. If a non-exclusive license is desired, various adjustments to this template would be appropriate. [↑](#footnote-ref-1)
2. The “Program” prong of this definition should be carefully considered. For example, if the Program itself will be made available on an open source basis, it might not be appropriate for a product that comprises the Program to automatically become a Licensed Product under this Agreement. [↑](#footnote-ref-2)
3. The “Data” prong of this definition should be carefully considered. For example, if the Data will be published by Institution, it might not be appropriate for a product that comprises the Data to automatically become a Licensed Product under this Agreement. [↑](#footnote-ref-3)
4. In some agreements, a “Licensed Services” construct is also included. Parties often take different approaches to royalties on services-based exploitation than they do to royalties on product-based exploitation, particularly where profit margins are very different or where determining sales amounts may require different methodologies or access to information other than invoices on product sales. If included, the parties may desire to customize royalty metrics for Licensed Services. [↑](#footnote-ref-4)
5. Sublicensee sales are included here to provide for royalties based on Sublicensee sales on a “pass-through” basis. Depending on the royalty rate, however, such “pass-through” royalties can become a substantial barrier to Company’s ability to sublicense, since Company will generally need to charge a high enough royalty to its Sublicensee to cover the pass-through royalty. In some instances (particularly where the Sublicense Income sharing percentage is high), therefore, it may be more appropriate to include royalties received by Company and its Affiliates from Sublicensees in Sublicense Income and eliminate Sublicensee sales from Net Sales. [↑](#footnote-ref-5)
6. Royalties in software licenses are often based on per-unit fees and not on a percentage of sales amounts. Also, consider whether an allocation mechanism is needed for Net Sales of products that incorporate both a Licensed Product and other substantial components that are not Licensed Products, but are sold for a single sales price (see Footnote 9). [↑](#footnote-ref-6)
7. Some Net Sales definitions are based on gross amounts received rather than gross amounts invoiced. Where the starting place for Net Sales is gross amounts invoiced, licensees typically argue for a “bad debt” deduction, as included here, on the theory that it is in both parties’ interests for Company to maximize Net Sales, and therefore Company should not be incented to adopt a zero credit risk approach to marketing. [↑](#footnote-ref-7)
8. In addition to the above deductions, in software licenses there is often a separation between sales/licensing amounts (on which royalties are paid) and maintenance and support amounts (on which royalties are not paid). [↑](#footnote-ref-8)
9. Some Net Sales definitions include a paragraph addressing “combination products,” which typically allocates (sometimes through an A/(A+B) formula) the amounts Company receives on sales of the combination product between licensed technology components and other components, with only the amount allocated to licensed technology components being included in Net Sales for royalty purposes. Whether such an allocation mechanism is appropriate depends on the technology involved and the parties’ expectation for what Licensed Products and Licensed Processes will be marketed. [↑](#footnote-ref-9)
10. Often larger licensees and sublicensees are concerned that Patent Rights having broad scope could be asserted against them based on products and activities within their enterprise that are outside the envisioned Licensed Products and Licensed Processes. In such cases, Company may seek a carve-out from the Patent Challenge construct for defensive counterclaims, so that Institution does not have an ability to coerce submission to an infringement claim by threatening license termination. [↑](#footnote-ref-10)
11. If software is being licensed, consider whether support and/or maintenance is required. If required, a separate agreement may be needed. [↑](#footnote-ref-11)
12. Parties often negotiate specific exclusions. The following exclusion clauses are illustrative:

“… excluding:

(i) amounts received by Company and its Affiliates from Sublicensees as the purchase price for Company’s and its Affiliates’ debt or equity securities at prices not in excess of the then-current market price of such securities or, if such securities are not publicly traded, the then-current fair market value of such securities, and

(ii) amounts received by Company and its Affiliates for future research and development activities undertaken for, or in collaboration with, such third parties at rates not to exceed the fair market value of such services.” [↑](#footnote-ref-12)
13. See Footnote 5. If “pass-through” royalties are not being paid based on Sublicensee sales, eliminate this exclusion. [↑](#footnote-ref-13)
14. “In consideration of the sublicense” arguably embodies a principle that Sublicense Income is intended to only capture portions of downstream deal consideration that are specifically allocable to the sublicensed rights; however, parties sometimes negotiate allocation provisions such as this proviso or, in an effort to avoid potentially expensive dispute resolution, even more specific allocation provisions, particularly in circumstances in which the parties envision that multiple licensed technologies with sublicense income obligations might be incorporated into a given technology or product platform that may become the subject of a sublicense. [↑](#footnote-ref-14)
15. The Term concept for Program- and Data- based Licensed Products should be considered, particularly where there will not be patent coverage. From Institution’s perspective, the Term should provide it with a fair period during which the economic provisions of this Agreement will apply. From the Company’s perspective, paying royalties for an indefinitely long period of time based on software, data or other products incorporating licensed technology that will become obsolete may not make sense. [↑](#footnote-ref-15)
16. Many institutions grant licenses directly to the licensee’s “Affiliates,” which may be convenient for licensee insofar as it obviates the need to grant intra-enterprise sublicenses. In some cases where this approach is used, institutions seek to limit the “Affiliate” construct to (majority or wholly owned) subsidiaries. [↑](#footnote-ref-16)
17. Many institutions grant licenses directly to the licensee’s “Affiliates,” which may be convenient for licensee insofar as it obviates the need to grant intra-enterprise sublicenses. In some cases where this approach is used, institutions seek to limit the “Affiliate” construct to (majority or wholly owned) subsidiaries. [↑](#footnote-ref-17)
18. Many institutions grant licenses directly to the licensee’s “Affiliates,” which may be convenient for licensee insofar as it obviates the need to grant intra-enterprise sublicenses. In some cases where this approach is used, institutions seek to limit the “Affiliate” construct to (majority or wholly owned) subsidiaries. [↑](#footnote-ref-18)
19. If the Licensed Product will be software, consider eliminating these flow down obligations as to End Users. Software sales are typically accomplished through a license, but in many contexts such sales to End Users are functionally more like sales than they are like licenses. [↑](#footnote-ref-19)
20. In some agreements, this sublicense survival clause is modified to require the continuing Sublicensee to pay to Institution all payments that the Sublicensee would otherwise have been obligated to pay Company; however, where a portion of the consideration under the sublicense agreement is for other technology or value added by Company, such a modified clause is generally not appropriate. [↑](#footnote-ref-20)
21. In certain cases, Company may ask that the Institution’s retained rights exclude the right to work with specific competitors. [↑](#footnote-ref-21)
22. Institutions usually require this clause without any analysis of whether the Patent Rights arose from government funding. In theory, these Bayh-Dole provisions might not necessarily apply to all Patent Rights. [↑](#footnote-ref-22)
23. Institutions sometimes seek broader retained rights to practice licensed inventions to perform sponsored research. The scope of such retained rights is generally a subject of careful negotiation, as the result can be that Institution retains a right to enable commercial competitors of Company to have licensed inventions practiced to benefit their activities that compete with Licensed Products and/or Licensed Processes. This clause is limited to providing an exception for particular existing sponsored research relationship(s). [↑](#footnote-ref-23)
24. “Improvements” clauses granting the licensee rights to improvements to the licensed technology made by the Institution are typically heavily negotiated based on specific circumstances, and in some circumstances Institution will not be willing to make such a commitment due to concerns over limiting the ability of faculty members to obtain funding and licensing consideration for future research. If rights to improvements are agreed, the relevant language should be included here. [↑](#footnote-ref-24)
25. Contains additional terms applicable to Data. [↑](#footnote-ref-25)
26. Contains additional terms applicable to identifiable information contained in the Data. [↑](#footnote-ref-26)
27. In some license agreements, the parties negotiate a “Commercially Reasonable Efforts” standard that includes various caveats (*e.g.*, explicitly allows Company to consider the commercial potential of the Licensed Product and other relevant factors in determining the level of efforts and resources to devote). The following is a typical definition:

“Commercially Reasonable Efforts” shall mean such efforts that are consistent with the efforts and resources normally used by Company and its Affiliates in the development and commercialization of products or processes that (a) have attributes similar to those of the relevant Licensed Product(s), (b) are at a similar stage in their development or product life as the relevant Licensed Product(s), and (c) have commercial and market potential similar to the relevant Licensed Product(s), taking into account issues of intellectual property scope, subject matter and coverage, product characteristics, competitiveness of the marketplace, proprietary position, profitability and the relevant costs and risks of development and commercialization. [↑](#footnote-ref-27)
28. In some cases, the parties may wish to specify the product that will be developed. [↑](#footnote-ref-28)
29. This lead-in is common, but is sometimes qualified with “use commercially reasonable efforts to” because otherwise missing these deadlines is a breach (except in extraordinary circumstances that qualify as *force majeure*). [↑](#footnote-ref-29)
30. This requirement may not be included for later-stage companies. [↑](#footnote-ref-30)
31. Institution’s rights should be carefully considered in combination with the agreed-upon diligence obligations. [↑](#footnote-ref-31)
32. The economic package for each transaction will be carefully negotiated. The provisions below outline the different types of consideration that may be provided for. Not all types of consideration will be appropriate in all circumstances (*e.g*., in lieu of royalties, annual fees may be appropriate; equity may or may not be appropriate depending on the stage of the Company). [↑](#footnote-ref-32)
33. In software and data licenses, royalties may be calculated on a different basis than as a percentage of Net Sales. [↑](#footnote-ref-33)
34. Note that typically institutions propose royalties without anti-stacking reductions for third party license fees and without other reductions (e.g., in life sciences licenses, generic competition). These kinds of provisions are often appropriate, but typically require negotiation based on applicable circumstances. [↑](#footnote-ref-34)
35. Sublicense Income sharing percentages vary based on factors such as the amount of investment in development that the parties anticipate Company will need to make, and sometimes a declining schedule of sharing percentages is included to reduce the sharing percentage based on Company’s investment and development over time and/or to provide an allocation for Company IP that will be included in or licensed with a sublicense. [↑](#footnote-ref-35)
36. In software and data licenses, licenses to End Users should typically be excluded from transactions that give rise to Sublicense Income (again, they are often more like sales than they are like sublicenses) and instead included in Net Sales. [↑](#footnote-ref-36)
37. Note that Section 2.2 requires Company to include a termination-for-Patent Challenge provision on Sublicensees and Section 12.4(b) allows Institution to terminate this Agreement if Company does not exercise such termination right at Institution’s request. [↑](#footnote-ref-37)
38. This form does not contemplate a separate share purchase agreement or related rights agreements. In some cases, the parties will enter into a separate stock purchase agreement, which may include additional provisions (and which may incorporate the provisions of this section, in which case such provision may be removed from this agreement). [↑](#footnote-ref-38)
39. If agreed as part of the transaction, anti-dilution protection may be included here. Anti-dilution protection is typically sought by institutions where the licensee is an early stage company that has not yet raised substantial equity investment. If anti-dilution protection is included, Company will typically seek to limit the protection to a period before the Company achieves a certain level of expected near-term financing. If Company has established capitalization at the time the agreement is executed, anti-dilution protection would typically not be included. [↑](#footnote-ref-39)
40. Other conversion indices can be used. [↑](#footnote-ref-40)
41. Other late payment interest metrics can be used. [↑](#footnote-ref-41)
42. Clauses (i), (ii) and (iii) include granularity that licensees often resist, as this information cannot typically be generated in an automated fashion from financial accounting systems. [↑](#footnote-ref-42)
43. In this clause and the next two clauses, remove the requirement as it applies to sales by Sublicensees if there is no pass-through royalty. [↑](#footnote-ref-43)
44. Company may want to provide that relevant books and records will be made available to the auditors at their offices in lieu of on-site audits at the Company. [↑](#footnote-ref-44)
45. In certain cases, Company may wish to include other types of information in the confidentiality protections and/or remove the obligation to mark confidential information. Institutions may or may not be able to accommodate these requests. Additionally, the Institution should consider whether any provisions protecting the Institution’s confidential information should be included. [↑](#footnote-ref-45)
46. In some cases, Institution may permit Company to manage the patent counsel, subject to the Institution being kept informed and having the right to make final decisions. [↑](#footnote-ref-46)
47. Often both parties seek a pre-agreement on the countries in which the Patent Rights will be prosecuted, in order to set expectations for cost reimbursement. Sometimes these decisions are deferred until development of the licensed technology has progressed. In any case, it is generally important for the parties to communicate and agree upon an approach for determining the countries in which the Patent Rights will be prosecuted, both for cost management and for protection of technology reasons. [↑](#footnote-ref-47)
48. This provision is not legally required for small entity licensees, but institutions sometimes seek this for administrative convenience. Alternative provisions requiring notice to the institution if licensee ceases to qualify as a small entity are sometimes used. [↑](#footnote-ref-48)
49. Enforcement provisions may vary between Institutions and should be discussed with the licensing Institution. [↑](#footnote-ref-49)
50. This offset for enforcement costs and the costs of defending against Patent Challenges is not always included. [↑](#footnote-ref-50)
51. Proposed indemnity terms are one-way only. If indemnification from the Institution is sought, it should be discussed with the Institution. Not all Institutions are able to give indemnity protection. [↑](#footnote-ref-51)
52. The scope of Company’s indemnification obligation should be considered. In certain cases, Company may wish to limit the obligation to specific risks. [↑](#footnote-ref-52)
53. Insurance requirements vary from institution to institution. Licensees should consult their insurance brokers to confirm that their insurance will satisfy such requirements before agreeing to them. For larger Companies with multiple vendors/licensors, it may be difficult to name the Institution as an additional insured. Formal self-insurance plans of large companies are often sufficient in lieu of outside insurance policies. [↑](#footnote-ref-53)
54. Consider whether reps and warranties as to applicable open source requirements or provenance of software code or data are desirable. Often Company will have difficulty relying on software or data for commercial use without knowing that they are free of unacceptable obligations or liabilities to third parties. [↑](#footnote-ref-54)
55. Company often desires a representation from Institution as to Institution’s title in the Patent Rights. Institution is often reluctant to give such a representation, *inter alia*, due to known or unknown potential inventorship/joint-inventorship disputes. Sometimes parties bridge the gap by providing for a royalty offset, such that if a second inventor/owner surfaces, Company’s royalty is reduced by the amount or a portion of the amount that Company is required to pay the second inventor/owner, which may lessen Company’s concern about ownership but does not eliminate the risk that a third party might have rights in the Patent Rights that are not available or not available on acceptable terms. [↑](#footnote-ref-55)
56. Company should consider whether this provision should be mutual and whether Company would want to continue the Agreement if it were assigned by the Institution. [↑](#footnote-ref-56)
57. Institution may have Institution-specific use of name provisions that it will seek to include here. [↑](#footnote-ref-57)
58. Company should consider whether reciprocal restrictions on the use of its name should be included here. [↑](#footnote-ref-58)
59. Shorter termination notice periods are sometimes agreed. [↑](#footnote-ref-59)
60. Company may wish to provide for a shorter notice period if Institution breaches the Agreement, particularly where Institution will have significant obligations under the Agreement. [↑](#footnote-ref-60)
61. Depending on the nature of the Licensed Product/Service, a wind-down period for Company to stop selling products and providing services before the license terminates may be appropriate. [↑](#footnote-ref-61)
62. Licensees typically seek a right to dispute payment obligations (the calculation of Net Sales in particular) in good faith and not to be subject to termination if they pay the amounts found to be due promptly after the dispute is resolved. [↑](#footnote-ref-62)
63. Arbitration may not be an acceptable dispute resolution mechanism for all parties and therefore may be omitted in some agreements. [↑](#footnote-ref-63)
64. All permitted uses of the data should be included here. [↑](#footnote-ref-64)
65. Insert any applicable restrictions on the use of the Data. If Data is particularly sensitive, consider whether restrictions on access to the Data should be included. [↑](#footnote-ref-65)
66. Institution should consider whether it wants to be able to limit the circumstances in which it is identified as the source of the Data. [↑](#footnote-ref-66)
67. Insert detailed bullets here if special data security provisions are required (e.g., encryption, storage requirements). Note that Company will need to ensure it can comply with any special logistics that are required. [↑](#footnote-ref-67)
68. Delete if not applicable or revise to specify method of delivery. [↑](#footnote-ref-68)
69. This sentence should specify the format in which the Data will be provided. [↑](#footnote-ref-69)
70. Company often desires a representation from Institution as to Institution’s right to license the Data. Institution is often reluctant to give such a representation, *inter alia*, due to known or unknown potential inventorship/joint-inventorship disputes. Sometimes parties bridge the gap by providing for a royalty offset, such that if a second inventor/owner surfaces, Company’s royalty is reduced by the amount or a portion of the amount that Company is required to pay the second inventor/owner, which may lessen Company’s concern about ownership but does not eliminate the risk that a third party might have rights in the Data that are not available or not available on acceptable terms. [↑](#footnote-ref-70)
71. Company should consider whether this will be feasible and, if so, whether it should apply equally in all termination scenarios. [↑](#footnote-ref-71)
72. If the Data will include identifiable data, the above language should be replaced with appropriate language addressing the parties’ agreed upon approach for dealing with identifiable information and complying with applicable laws and regulations, including HIPAA. [↑](#footnote-ref-72)