

**HISTORY:**

- *Updated by KUCTC 5/2023*
- *Reviewed and updated by OGC 7/2023*

**EXCLUSIVE LICENSE AGREEMENT**

dated \_\_\_\_\_, 20\_\_

between

[Company Name]

and

KU Center for Technology Commercialization, Inc.

***DRAFT  
FOR DISCUSSION PURPOSES ONLY***

The submission of this draft for review or its negotiation, or the negotiation of the transaction described herein does not constitute an offer and the execution of this Agreement by [Licensee] does not constitute a binding contract until such time as it has been executed by an authorized officer of the KU Center for Technology Commercialization, Inc.

Revised 03/24/3023  
Exclusive License Agreement  
KUCTC Reference Number: \_\_\_\_\_

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## LICENSE AGREEMENT

This license agreement (“Agreement”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the KU CENTER FOR TECHNOLOGY COMMERCIALIZATION, INC., a Kansas non-profit § 501(c)(3) corporation, having its principal place of business at 2029 Becker Drive, Suite 142, Lawrence, KS 66047, hereinafter referred to as “KUCTC” or “Licensor,” and [Company Name], having its principal place of business at \_\_\_\_\_, hereinafter referred to as “Licensee.”

### WITNESSETH

WHEREAS, certain inventions, generally characterized as [Invention Title] and assigned KUCTC Technology ID # \_\_\_\_\_, hereinafter collectively referred to as “the Invention”, have been made in the course of research at the University of Kansas conducted by [Inventors] (the “Inventors”) and are Covered By Patent Rights (as defined below);

WHEREAS, the University of Kansas and the University of Kansas Medical Center (hereinafter collectively referred to as “KU”) and KUCTC have an agreement wherein KUCTC is responsible for the administration, management, licensing, and enforcement of intellectual property as well as other activities relating to the development or transfer of technologies owned by KU;

*WHEREAS, the Invention is jointly owned with \_\_\_\_\_ (the “Joint Owner”);*

*WHEREAS Joint Owner and Licensor have in place an interinstitutional agreement (KUCTC Ref. No. \_\_\_\_\_), whereby KUCTC i) shall take the lead in managing the Patent Rights, and ii) shall have the exclusive right and authority to negotiate, execute, and administer License Agreements on Joint Owner’s behalf.*

WHEREAS, Licensor desires that the Patent Rights be developed and utilized to the fullest extent so that their benefits can be enjoyed by the general public;

WHEREAS, Licensee wishes to obtain from Licensor a license under the Patent Rights for the commercial development, production, manufacture, use and sale of Licensed Products and/or Licensed Methods, and Licensor is willing to grant such a license upon the terms and conditions hereinafter set forth;

*WHEREAS, the Patent Rights were developed in the course of research sponsored in part by the U.S. Government, and as a consequence are subject to overriding obligations of Licensor to the U.S. Government;*

NOW THEREFORE, for and in consideration of the covenants, conditions, and undertakings hereinafter set forth, the parties hereby agree as follows:

### ARTICLE I. DEFINITIONS

- 1.1 **“Affiliate”** means any company or other business entity that, directly or indirectly, controls, or is controlled by, or is under common control by Licensee. Solely for purposes of this definition, the term “control” means the possession of the power to direct or cause the direction of the management and policies of the entity, whether through ownership of voting securities or by contract. Control will be presumed if an entity owns, either of record or beneficially, at least fifty percent (50%) of the voting stock of the other entity. An entity will be deemed an Affiliate only while such ownership or control relationship continues.
- 1.2 **“...Covered By...”** means a claim or claims within any pending or issued patent included in the Patent Rights claiming all, a portion, or a component, or step of a Licensed Product or Licensed Method.
- 1.3 **“Commercially Diligent Efforts”** means, with respect to a Licensed Product and/or Licensed Method, the diligent exercise, dedication, and expenditure of efforts, money, personnel, and resources as reasonably needed to develop, manufacture, market, and sell the Licensed Product and/or Licensed Method. Such efforts shall be documented and must be consistent with those utilized by companies of similar size and type that have successfully developed products

and services similar to the Licensed Product and/or Licensed Method. At a minimum, Commercially Diligent Efforts shall be based upon the commercialization plan, attached as Exhibit F and incorporated by reference, submitted to Licensor by Licensee as required under Article 5, and shall not be less than the efforts or resources expended by Licensee for other products it owns, has exclusive rights to, or is developing.

- 1.4 **“Effective Date”** means [REDACTED].
- 1.5 **“Entity”** means a corporation, an association, a joint venture, a partnership, a trust, a business, an institution, an individual, a government or political subdivision thereof, including an agency, or any other organization that can exercise independent legal standing.
- 1.6 **“Fair Market Value”** means the cash consideration which Licensee or its Sublicensee would realize from an unaffiliated, unrelated buyer in an arm’s length sale of an identical item sold in the same quantity, under the same terms, and at the same time and place.
- 1.7 **“Field of Use”** means [REDACTED].
- 1.8 **“Fully Diluted Basis”** means that the total number of issued and outstanding shares of Licensee’s common stock will be calculated to include conversion of all issued and outstanding securities then convertible into common stock, and the exercise of all then outstanding options and warrants to purchase shares of common stock, whether or not then exercisable, but excluding securities not issued but issuable to, or reserved for issuance to, officers, directors, employees, or consultants of Licensee pursuant to any employee or consultant stock offering, or compensation or incentive plan adopted or approved by Licensee’s Board of Directors within one year prior to date of issuance of shares to the Licensor.
- 1.9 *“Improvements” means any invention which is an improvement to the Invention and has been made subsequent to the Effective Date, is in the Field of Use, has been developed by the Inventors, and would infringe at least one claim included in the Patent Rights but is not Covered By the Patent Rights at the time of license.*
- 1.10 **“Insolvent”** means being unable to meet one’s debt obligations to another Entity as such debt obligations become due and not being able to provide reasonable financial assurances of becoming able to meet such obligations.
- 1.11 **“Licensed Product”** means any product, apparatus, kit or component part thereof, or any other subject matter, the manufacture, design, creation, use, importation, distribution, or sale of which is Covered By any claim or claims included within the Patent Rights *or which incorporates Licensed Technology*. For the avoidance of doubt, a product is a Licensed Product if it incorporates Patent Rights, even if it adds additional features.
- 1.12 **“Licensed Method”** means any method, procedure, process, service, or other subject matter, the practice, manufacture, use, or sale of which is Covered By any claim or claims included within the Patent Rights *or which incorporates Licensed Technology*. For the avoidance of doubt, a method, process, or service is a Licensed Method if it incorporates Patent Rights, even if it adds additional features.
- 1.13 *“Licensed Technology” means all formulations, designs, technical information, know-how, data, specifications, test results, methods, formulas, protocols, techniques and other information, whether or not patented or patentable (“Technology”) provided:*
- a) the Technology was developed by one or more Inventors at KU prior to the Effective Date*
  - b) the Technology is not included in the Patent Rights, but is necessary for practicing the invention claimed in the Patent Rights; and*
  - c) KU possesses the right to license the use of such Technology to Licensee for commercial purposes.*
- 1.14 **“Net Sales”** means the gross revenue and other consideration paid or given to Licensee or its Affiliates, Sublicensees, or other authorized seller by for Licensed Products and/or Licensed Method which are sold, leased, transferred, exchanged, disposed of, or commercialized by or for Licensee or any of its Affiliates or Sublicensees; however, sales or other transfers of Licensed Products and/or practice of Licensed Methods between Licensee and its Affiliates shall be excluded from the computation of Net Sales, and no payments will be payable to Licensor on such sales or transfers except where such Affiliates are end users or consumers; less the following deductions, directly attributable to the sale of such Licensed Product and/or Licensed Method and specifically identified on the invoice, and borne by the seller to the extent they are included in such gross revenue or other consideration:

- a) cash and/or quantity discounts actually granted to purchases of a Licensed Product and/or Licensed Method;
- b) allowances or credits to third parties for rejections or returns;
- c) excise taxes, tariffs and duties applicable to sales of Licensed Product in finished package form that the Licensee has to pay on such sales; and
- d) outbound transportation charges prepaid or allowed.

A Licensed Product and/or Licensed Method shall be considered sold when it is shipped, delivered, released from consignment, or invoiced, whichever is earlier. *If deemed sold by use then it shall be considered sold when first used.* No deductions shall be made from Net Sales for commission paid to individuals whether they are with independent sales agencies or are regularly employed by Licensee or its Affiliates or Sublicensees and are on its or their payroll, or for the cost of collections. In the event Licensee transfers a Licensed Product to and/or transfers or performs a Licensed Method for a third party in a bona fide arm's length transaction, for consideration, in whole or in part, other than cash, then the Net Sales price for such Licensed Product and/or Licensed Method shall be deemed to be the standard invoice price then being invoiced by Licensee in an arm's length transaction with similar companies and in the absence of such standard invoice price, then the reasonable Fair Market Value of the Licensed Product and/or Licensed Method. Components of Net Sales shall be determined in the ordinary course of business using the accrual method of accounting in accordance with generally accepted accounting practices.

If Licensee or any Affiliate or Sublicensee sells, leases or otherwise commercializes any Licensed Product and/or Licensed Method at a reduced fee or price for the purpose of promoting other products, goods or services or for the purpose of facilitating the sale, license or lease of other products, goods or services, then Licensee shall pay to Licensor, and each such Affiliate and Sublicensee shall be obligated to pay to Licensor, a royalty under Article 4 based upon the Fair Market Value of the License Product and/or Licensed Method.

- 1.15 “**Patent Rights**” means and includes all of the following Licensor intellectual property: The United States patents and/or patent applications listed in Exhibit “A”; United States patents issued from the applications listed in Exhibit “A” and from divisionals and continuations (other than continuations-in-part) of these applications and any reissues of such United States patents; claims of continuation-in-part applications and patents directed to subject matter specifically described in the patent(s) and/or patent application(s) listed in Exhibit “A”; claims of all foreign applications and patents which are directed to subject matter specifically described in the United States patents and/or patent applications listed in Exhibit “A” including any divisional or continuation filings of such; and term extensions, supplementary protection certificates and other governmental actions which provide exclusive rights to a product beyond the original patent expiration date.
- 1.16 “**Sublicensee**” means any party other than an Affiliate which enters into an agreement or arrangement with Licensee or receives a license grant from Licensee under the Patent Rights, to manufacture, have manufactured, offer for sale, sell, lease, distribute, use, practice, and/or import the Licensed Product or Licensed Method, subject to the then-current applicable article, item, service, technology, and technical data-specific requirements of the U.S. export laws and regulations.
- 1.17 “**Territory**” means [REDACTED].

## ARTICLE 2. LICENSE GRANT

### 2.1 License Grant

Subject to the terms and conditions set forth herein, Licensor hereby grants to Licensee

- a) Exclusive License - a royalty-bearing exclusive license to the Patent Rights to make, have made, use and sell any Licensed Product and to practice any Licensed Method in the Field of Use throughout the Territory for the Term (as defined below) of this Agreement.

- b) *Non-exclusive License to Licensed Technology - Subject to the terms and conditions set forth herein, Licensor hereby grants to Licensee a non-exclusive right and license to use the Licensed Technology, to make, have made, use and sell any Licensed Product and to practice any Licensed Method in the Field of Use under the Patent Rights throughout the Territory for the Term.*
- c) These license granted above are subject to the payment by Licensee to Licensor of all consideration required under this Agreement, and subject to any rights of the Government of the United States as set forth in **Section (2.3)**.

2.2 The licenses granted herein are subject to rights retained by Licensor and KU to:

- a) publish the general scientific findings from research conducted in whole or in part at KU related to the Patent Rights;
- b) manufacture, have manufactured, use, practice, or transfer the Patent Rights for research, teaching (including other educationally-related purposes) and non-commercial clinical purposes; and
- c) to permit all other non-profit and/or academic research institutions the right to use the Patent Rights, to make, have made, and use any Licensed Product, and to practice any Licensed Method for such organizations' internal non-commercial research purposes (including human subjects research).

2.3 Licensee acknowledges that the Patent Rights were developed with funding support from the United States Federal Government. The license granted in Section 2.1 hereof is expressly made subject to a non-exclusive, irrevocable, royalty-free license heretofore granted to the U.S. Government and in the general form as attached hereto as Exhibit "B" and incorporated herein by reference.

#### 2.4 Improvements

*Licensor grants to Licensee an option to acquire an exclusive license under terms and conditions materially similar to the terms and conditions of this Agreement to any Improvements for a period of [REDACTED] (X) months after the Effective Date. Licensor will disclose in confidence to Licensee any Improvement within sixty (60) days after receiving written notification of such Improvement from the Inventors. Licensee shall have thirty (30) days from disclosure ("Option Period") to provide Licensor written notification of its intent to exercise its option, after which the parties shall negotiate a license in good faith for up to ninety (90) day ("Negotiation Period"). If Licensee does not elect to execute its option during the Option Period or the parties are unable to complete a definitive license by completion of the Negotiation Period, then Licensor shall have no further obligations to Licensee with regards to such Improvement.*

#### 2.5 Affiliates

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; provided, however, that any fee or other consideration paid to Licensee in consideration of such extension will be subject to the provisions of Section 2.6 as if the Affiliate were a Sublicensee. Other agreements or arrangements with Affiliates relating to the Patent Rights which result in the sale of Licensed Product(s)/and or Licensed Method(s) will be both (i) subject to the royalty payment and other applicable payment provisions of this Agreement, and (ii) include terms allowing Licensor to directly audit the Affiliate to the same extent as Licensor is able to audit Licensee.

#### 2.6 Sublicensing

Upon written approval from Licensor, Licensee may enter into sublicensing agreements with Sublicensees, provided that Licensee has current exclusive rights thereto in the Territory being sublicensed pursuant to Section 2.1 and subject to the following:

- a) Any sublicense granted by Licensee to a Sublicensee shall incorporate all of the terms and conditions of this Agreement, which shall be binding upon each Sublicensee as if such Sublicensee were a party to this Agreement. Licensee shall collect and guarantee all payments due Licensor from Sublicensee(s). In each such sublicense, the Sublicensee will be prohibited from granting further sublicenses;
- b) If Licensee becomes Insolvent, Licensor's proportionate share of all payments then or thereafter due and owing to Licensee from its Sublicensees for the sublicense of the Patent Rights will, upon written notice from Licensor to any such Sublicensee, become payable directly to Licensor by Sublicensee for the account of Licensee;
- c) Licensee shall within thirty (30) days of: (a) execution, provide Licensor with a copy of each sublicense granted by Licensee hereunder, and any amendments thereto or terminations thereof; and (b) receipt, summarize and deliver copies of all reports due to Licensee from Sublicensee(s); and
- d) If this Agreement is terminated for any reason, Licensor shall have the sole option to (a) terminate any or all sublicense(s) and all rights granted thereunder, or (b) require Licensee to immediately assign all of its right, title, and interest to all sublicense(s) to Licensor, including the right to receive all income from the sublicense(s). Licensee shall, prior to execution of each sublicense, make the intended Sublicensee(s) aware of this contingency.
- f) Licensee shall be responsible for the operations of its Sublicensees that are relevant to this Agreement and remain responsible for any reporting and any payment of all fees and royalties due under this Agreement.
- g) Licensee shall include in any sublicense granted pursuant to this Agreement a provision requiring the Sublicensee to indemnify Licensor, KU, and their respective officers, employees, inventors, affiliates, and agents, and maintain liability coverage to the same extent that Licensee is so required pursuant to Article 17 of this Agreement.
- h) Licensee shall include in any sublicense granted pursuant to this Agreement a provision that grants Licensor the right to audit the Sublicensee to the same extent that Licensor has the right to audit the Licensee pursuant to Section 9.4 of this Agreement.
- i) Licensee shall ensure that any sublicense agreement includes a provision that causes automatic termination of the sublicense agreement in the event that a Sublicensee challenges, either directly or indirectly, the validity, enforceability or scope of any claim within the Patent Rights in a court or other governmental agency of competent jurisdiction, including in a reexamination, inter partes review, or opposition proceeding.

### **ARTICLE 3. TERM OF AGREEMENT**

This Agreement shall be in full force and effect from the Effective Date until the end of the term of the last-to-expire of Licensor's Patent Rights licensed under this Agreement ("Term"), unless otherwise terminated by operation of law or by acts of the parties pursuant to the terms of this Agreement.

### **ARTICLE 4. FEES & ROYALTIES**

#### **4.1 License Issue Fee**

Licensee shall pay to Licensor a non-refundable license issue fee of [REDACTED] (\$ [REDACTED]) upon execution of this Agreement. Such license issue fee shall be deemed earned and immediately payable upon execution of this Agreement; failure to deliver said fee to Licensor on or before thirty (30) business days following execution of this Agreement by both parties shall terminate this Agreement.

#### **4.2 License Maintenance Fee**

Licensee will pay an annual license maintenance fee in the amount of \_\_\_\_\_ (\$ \_\_\_\_\_) beginning on the [XX] anniversary of the Effective Date (insert actual anniversary date) and then each subsequent anniversary. Such maintenance fee shall be due and payable within thirty (30) business days following the anniversary of the Effective Date.

4.3 Running Royalty

As partial consideration for the license under this Agreement, Licensee shall pay to Licensor an earned royalty as set forth in the table below on Net Sales made by Licensee, its Affiliates, its Sublicensees or any other third party authorized by Licensee to sell Licensed Products or Licensed Methods. Earned royalties shall accrue from the first sale of a Licensed Product or Licensed Method in the Field of Use in each country for the duration of the Patent Rights in that country.

Running Royalty Percent	Cumulative Life-time Net Sales
[insert number]%	<\$100 million
[insert number] %	\$100 million - \$500 million
[insert number] %	>\$500 million

a) *Reduction of Royalties-Third Party Royalties. In the event it becomes necessary for Licensee or its Sublicensee to obtain a license from a third party in order to make, have made, develop, import, export, use, sell, offer for sale, have sold or otherwise exploit any Licensed Product or Licensed Method because, except for a license granted by the third party, sale of a Licensed Product or Licensed Method in the relevant country would infringe an intellectual property right of a third party in that country, and the cumulative royalty rate on the sales of Licensed Products or Licensed Methods in that country exceeds \_\_\_\_\_ percent (XX%) of Net Sales, Licensee or its Sublicensee may offset the royalty rate paid to Licensor on a Licensed Product-by-Licensed Product (or Licensed Method-by-Licensed Method) and country-by-country basis by up to fifty percent (50%) of the royalty rate paid to such third party in any calendar quarter. Notwithstanding the foregoing, however, in no event shall the royalties due to Licensor on Net Sales of such Licensed Products in any country be reduced by more than 50% of the Running Royalty Percent as identified above.*

4.4 Sublicense Royalties

*As partial consideration for the license granted to Licensee under this Agreement, Licensee shall pay Licensor a royalty on Net Sales made under any sublicense which royalty rate shall be the greater of (a) [ ] percent ([ ]%) of the royalty rate charged by Licensee or its Affiliates on Net Sales by such Sublicensee or; (b) the same rate that would be due to Licensor from Net Sales by Licensee ("Sublicense Royalties"). Any such Sublicense Royalties due under this Agreement shall be due and payable on a quarterly basis (March 31, June 30, September 30 and December 31) and payments due Licensor on such Sublicense Royalties shall be due and payable thirty (30) days from receipt by Licensee.*

4.5 Minimum Royalty

Commencing with the first calendar quarter to occur following the date of first occurrence of Net Sales, Licensee shall pay to Licensor within forty-five (45) days of the end of said quarter a minimum annual royalty as provided below:

YEAR 1	\$ _____;
YEAR 2	\$ _____;
YEAR 3	\$ _____;
YEAR 4	\$ _____; and



YEAR 5 and each subsequent year      \$ [REDACTED]

Licensee shall continue to pay such minimum annual royalty until the end of the term of the last to expire of Licensor's Patent Rights. Licensor shall fully credit each payment of minimum annual royalties against any earned royalties payable by Licensee with respect to the year in which the minimum annual royalty is made.

4.6 Milestone Payments

Licensee shall pay to Licensor Milestone Payment in the amount provided below no later than thirty (30) business days after the occurrence of the corresponding Milestone Event. To the extent that a Milestone Payment is due to the Licensee from a Sublicensee for the same Milestone Event, then Licensee shall pay Licensor the amount of the Milestone Payment due under this Agreement, as well as the Sublicense Percentage applied to the amount paid to Licensee by Sublicensee that is in excess of the Milestone Payment.

Milestone Event	Milestone Payment
[insert event description]	\$ [REDACTED]
[insert event description]	\$ [REDACTED]
[insert event description]	\$ [REDACTED]
[insert event description]	\$ [REDACTED]
[insert event description]	\$ [REDACTED]

4.7 Sublicense Fees and Royalties

Licensee shall pay to Licensor a corresponding percent as provided in the table below of any lump sum fee that is not an earned royalty. Such lump sum fees include but are not limited to any fixed fee, license fee, milestone payment, unearned portion of any minimum royalty payment, equity, joint marketing fee, intellectual property cross-license, research and development funding in excess of Licensee's cost of performing such research and development, and any other property, consideration, or thing of value given or exchanged for a sublicense regardless of how the Licensee and Sublicensee characterize such payments or consideration (collectively, "Sublicense Income"). All such consideration received by Licensee shall be fully auditable by Licensor. Licensee shall not receive from Sublicensee(s) anything of value in lieu of cash payments in consideration for any sublicense under this Agreement without the express prior written permission of Licensor. Any non-cash consideration, including, without limitation, equity in other companies or equity investments in Licensee, received by the Licensee from any Sublicensee(s) will be valued at its Fair Market Value as of the date of receipt by Licensee.

Sublicense Execution/Event	Sublicense Percentage
Event	XX%
Event	XX%
Event	XX%

4.8 Past Patent Expenses

Licensee will pay all past patent expenses incurred by Licensor in filing, prosecuting, and maintaining the patent applications included in the Patents Rights due and payable within thirty (30) days of execution of this Agreement by Licensee. As of [REDACTED], 20[REDACTED], these expenses are estimated at [REDACTED] (\$[REDACTED]), however, this amount may be subject to change upon final notification by Licensor. Licensee will pay all future patent expenses as set forth in Article 11 hereof.

**ARTICLE 5. COMMERCIAL DILIGENCE & MILESTONES**

5.1 Commercial Diligence

COMPANY represents and warrants that it has or will acquire the necessary expertise and the necessary resources to develop and commercialize Licensed Products. Upon execution of this Agreement, Licensee shall diligently proceed with Commercially Diligent Efforts to develop, manufacture, practice, sell, and use the Licensed Products and/or Licensed Methods in order to make them readily available to the general public as soon as possible on commercially reasonable terms. Licensee shall continue active Commercially Diligent Efforts for one or more Licensed Product(s) and/or Licensed Method(s) throughout the term of this Agreement (“Actively Commercializing”). In addition, Licensee shall perform at least the following obligations (“Due Diligence Milestones”) as part of its due diligence activities hereunder:

- (a) Licensee shall deliver to Licensor, on or before [REDACTED] a complete and accurate commercialization plan (Exhibit F) detailing each phase of development, the target markets, and time frames toward first sale of the Licensed Products and Licensed Methods;
- (b) Licensee shall have a management team in place on or before [REDACTED];
- (c) Licensee shall secure its initial round of funding which shall be no less than \$ [REDACTED] on or before [REDACTED];
- (d) Licensee shall develop a working model on or before [REDACTED];
- (e) Licensee shall spend at least [REDACTED] dollars (\$ [REDACTED]) on research, development, and commercialization of Licensed Products and/or Licensed Methods during the [REDACTED]-year period following the Effective Date of this Agreement;
- (f) Within 24 months of Effective Date, Licensee shall have executed one sublicense agreement;
- (g) Net Sales shall have occurred prior to [REDACTED], 20 [REDACTED];
- (h) Licensee shall achieve a minimum amount of Net Sales during each of the three (3) years following the year in which Net Sales first occur, as provided below:

YEAR 1	\$ [REDACTED];
YEAR 2	\$ [REDACTED];
YEAR 3	\$ [REDACTED]; and

If, despite using Commercially Diligent Efforts, Licensee is unable to meet any of the foregoing Due Diligence Milestones, Licensee may request a six-month extension of time to meet a milestone. Licensor’s approval of such request shall not be unreasonably withheld provided the request is supported by evidence of scientific, technical or other demonstrable difficulties or delays, including, if any, in the clinical studies or regulatory process that are outside of the control of Licensee, its Affiliate or Sublicensee. Licensee may only make two such (2) requests per specific milestone and a total of six (6) requests in the aggregate during the term of the License. Each extension shall be considered to apply to the specific milestone for which it is granted and to all subsequent Due Diligence Milestones, but shall be considered one (1) extension request for purposes this section 5.1.

**ARTICLE 6. EQUITY OWNERSHIP**

6.1 Stock

In partial consideration of the rights granted to Licensee by Licensor in this Agreement, Licensee will, within forty-five (45) days after the Effective Date, issue to Licensor [REDACTED] (or at Licensor's discretion one of its affiliated non-profit research foundations, hereinafter "Designee") fully authorized, fully paid, non-assessable shares of its Series \_\_\_ preferred stock (the "Initial Shares"). Such Initial Shares will be issued in the name of the Licensor or its Designee. Licensee hereby represents that the Initial Shares will represent [REDACTED]% of the aggregate of all classes of Licensee's shares, held to a value of [REDACTED] million dollars, including all other securities of Licensee that may be converted into equity shares of Licensee calculated on a Fully Diluted Basis. Exhibit E contains a true and correct capitalization table of Licensee as certified by an officer of Licensee as of the Effective Date of this Agreement.

- a) *Licensee agrees to issue additional shares to Licensor or its Designee to ensure that the total percent of Licensor-owned shares remains equal to [REDACTED] percent ([insert amount] %) of total Licensee shares until such time as COMPANY has raised an aggregate of [insert amount] Dollars (\$[insert amount]) in funding capital. For the purposes of this section funding capital shall exclude any money or support received as part of a federal, state, or local small business grant.*
- b) *Should Licensee fail to issue shares within forty-five (45) days after the Effective Date of this Agreement, Licensee will pay Licensor [REDACTED] Dollars (\$) in lieu of the issuance of such shares within sixty (60) days after the Effective Date.*
- c) *If Licensee proposes to sell any equity securities or securities that are convertible into equity securities of Licensee, then Licensor, its Designee and/or its Assignee will have the right to purchase up to [insert percentage amount] of the securities issued in each offering on the same terms and conditions as are offered to the other purchasers in each such financing. The term "Assignee" for this section 6.1 shall mean (a) any entity to which Licensor's or its Designee's participation rights under this section have been assigned either by Licensor or its Designee, or (b) any entity that is controlled by Licensor.*

## **ARTICLE 7. CONFIDENTIALITY**

- 7.1 Licensee and Licensor acknowledge that either party may provide certain information to the other with regard to the Invention that is considered to be confidential. Licensee and Licensor shall take all reasonable precautions to properly mark and protect such confidential information. Such precautions shall involve at least the same degree of care and precaution that the recipient customarily uses to protect its own confidential information, but in no circumstance less than reasonable care. To the extent reasonably necessary to fulfill its obligations or exercise its rights under this Agreement, or any rights that survive termination or expiration hereof, each party may disclose confidential information to its Affiliates, Sublicensees, consultants, contractors, or regulatory authorities on the conditions that such entity, i) has a bona fide need to access the information; ii) agrees to keep the information confidential at least to the same extent as required by this Agreement or any other confidentiality agreement between the parties; and iii) to use such confidential information only for the purposes as such party is authorized to use it by this Agreement.
- 7.2 Licensee acknowledges that Licensor is subject to the Kansas Open Records Act, K.S.A. 45-215 et seq. Licensor shall keep confidential any information provided to Licensor by Licensee that Licensee considers confidential, to the extent allowable under the Kansas Open Records Act.

## **ARTICLE 8. QUARTERLY & ANNUAL REPORTS**

### 8.1 Annual and Quarterly Royalty Report

Within thirty (30) days after the calendar year in which Net Sales first occur, and within 30 days after each calendar quarter thereafter, Licensee shall provide Licensor with a written report detailing all sales and uses, if any, made of Licensed Products and/or Licensed Methods during the preceding calendar quarter, detailing the amount of Net Sales made during such quarter, and calculating the royalties due to Licensor pursuant to Article 4 hereof. Each report shall include at least the following:

- a. the occurrence of any event triggering a Milestone Payment;

- b. the amount of any non-royalty consideration received by Licensee from a Sublicensee and an explanation of the contractual obligation satisfied by such consideration;
- c. number or volume of Licensed Products manufactured, leased, and sold by and/or for Licensee, Affiliates, and all Sublicensees;
- d. accounting for all Licensed Methods used or sold by and/or for Licensee, Affiliates, and all Sublicensees;
- e. accounting for Net Sales, noting the deductions applicable as provided in Section 1.11;
- f. royalties, earned royalties, royalties due on other payments from Sublicensees, Affiliates, and assignees due under Articles 4 and 19;
- g. total royalties due to Licensor;
- h. names and addresses of all Sublicensees and a summary of reports provided to Licensee by any Sublicensee;
- i. the amount spent on product development; and
- j. the number of full-time equivalent employees working on the Licensed Products and/or Licensed Methods.

the location of primary manufacture of any Licensed Products (include the state if manufactured in the US) and the name of the manufacturer if other than Licensee. Each report shall be in substantially similar form as Exhibit "C" attached hereto. Each such report shall be signed by an officer of Licensee (or the officer's designee). With each such report submitted, Licensee shall pay to Licensor the royalties and fees due and payable under this Agreement. If no royalties shall be due, Licensee shall so report. Licensee's failure to submit a royalty report in the required form will constitute a breach of this Agreement. Licensee will continue to deliver royalty reports to Licensor after the termination or expiration of this Agreement until such time as all Licensed Product(s) and/or Licensed Method(s) permitted to be sold after termination have been sold or destroyed.

## 8.2 Progress Report and Commercialization Plan

Commencing on January 1, 20\_\_, and on each January 1 thereafter, Licensee shall submit to Licensor a written report covering Licensee's (and any Sublicensee's) progress in (a) development and testing of all Licensed Products and Licensed Methods; (b) achieving the due diligence milestones specified herein; (c) preparing, filing, and obtaining of any approvals necessary for marketing the Licensed Products and Licensed Methods; (d) plans for the upcoming year in commercializing the Licensed Product(s) and Licensed Method(s); and (e) if Licensor has obtained equity in Licensee as consideration for the license, then an updated capitalization table, an updated copy of corporate bylaws (if they have been changed in the preceding year), a copy of the Licensees current state corporate registration, and the date and a summary of the most recent board of directors meeting. Such report shall note any milestone payments, sublicense payments, or maintenance fees which were due or payable to Licensor during the preceding year. Each report shall be in substantially similar form and contain at least the information required by Exhibit "D" attached hereto and incorporated herein by this reference. Licensee's failure to submit a progress report as required will constitute a breach of this Agreement.

- 8.3 On or before the ninetieth (90<sup>th</sup>) day following the close of Licensee's fiscal year, Licensee shall provide Licensor with Licensee's certified financial statements for the preceding fiscal year including, at a minimum, a balance sheet and income statement.
- 8.4 In addition to the regular reports required by Section 8.1, 8.2, and 8.3 hereof, Licensee shall provide a written report to Licensor of the date of first occurrence of Net Sales in each country within sixty (60) days of the occurrence thereof.

## **ARTICLE 9. PAYMENTS, RECORDS and AUDITS**

### 9.1 Payments

Licensee acknowledges that Licensor is a non-profit entity and not subject to tax and therefore agrees that all payments made to Licensor under this Agreement shall be free and clear of any tax, withholding, other governmental charge or levy. Licensee shall pay all royalties accruing to Licensor in U.S. dollars, without deduction of exchange, collection, wiring fees, bank fees, or any other charges, within thirty (30) days following the calendar quarter in which Net Sales occur. Each payment will reference KUCTC Technology ID # [REDACTED]. All payments to Licensor will be made in United States dollars by wire transfer or check payable to the KU Center for Technology Commercialization, Inc., and sent to:

KUMC Research Institute, Inc.  
3901 Rainbow Blvd, Mail Stop 1039  
Kansas City, KS, 66160  
(913) 588-1261  
Tax Identification Number: 26-2838693

#### Wire Transfer Information:

Commerce Bank of Kansas City  
1000 Walnut P.O. Box 13686  
Kansas City, MO 64199-3686  
Routing #: 101000019  
Account#: 700046965  
Account Type: Checking  
Swift # CBKC US 44

For converting any Net Sales made in a currency other than United States dollars, the parties will use the conversion rate published in the *Wall Street Journal*/Telegraphic Transfer Selling conversion rate reported by the Sumitomo Bank, Tokyo, or other industry standard conversion rate approved in writing by Licensor for the last day of the calendar quarter for which such royalty payment is due or, if the last day is not a business day, the closest preceding business day.

### 9.2 Third Party Billing/Invoicing Systems

Licensor, upon request, may agree to use third party billing or invoicing systems to facilitate payments and reimbursements required under this Agreement. In no instance shall Licensee require use of such system to make payment to Licensor. If Licensor agrees to the use of a third party billing or invoicing system, Licensee shall reimburse Licensor for any out-of-pocket costs associated with use of such system.

### 9.3 Late Payments

In the event royalty payments or other fees are not received by Licensor when due hereunder, Licensee shall pay to Licensor interest charges at the rate of twelve percent (12%) per annum on the total royalties or fees due for the reporting period. The interest payment shall accrue and be due until that date the overdue payment is received by Licensor.

### 9.4 Records

During the Term Licensee shall keep, and cause its Sublicensees and Affiliates to keep, complete, true, and accurate records and books containing all particulars that may be necessary for the purpose of showing the amounts payable to Licensor hereunder. Records and books shall be kept at Licensee's principal place of business or the principal place of business of the appropriate division of Licensee to which this Agreement relates. Copies of such records shall be provided within a reasonable timeframe to Licensor upon request.

9.5 Audit

Such records, books, and the supporting data referenced in 9.4 above, shall be made available in both physical and electronic forms for inspection and copying by Licensor or its agents (which may include an independent certified public accountant, hereinafter a “CPA”), upon reasonable prior notice to Licensee, for a term of five (5) years following the end of the calendar year to which they pertain for the purpose of verifying Licensee’s payments, royalty statement or compliance in other respects with this Agreement. Licensor or its agents may examine and copy all documentation as may be necessary to determine the completeness and correctness of all reports and payments made under the terms of this Agreement. Such access will be available to Licensor upon not less than ten (10) days written notice to Licensee, not more than once each calendar year of the Term, during normal business hours, and once a year for three (3) years after the expiration or termination of this Agreement. Whenever Licensee has its books and records inspected or audited by a CPA, Licensee will, within thirty (30) days of the conclusion of such audit, provide Licensor with a written statement, certified by said auditor, setting forth the calculation of royalties, fees, and other payments due to Licensor over the time period audited as determined from the books and records of Licensee. Should any inspection or audit lead to the discovery of a greater than five percent (5%) or five thousand US dollars (\$5,000) discrepancy in reporting to Licensor’s detriment, Licensee agrees to pay the full cost of such inspection or audit.

**ARTICLE 10. PATENT MARKING**

Licensee shall permanently and legibly mark all Licensed Products made, used, or sold under the terms of this Agreement, or their containers, in accordance with all applicable patent-marking and notice provisions under Title 35, United States Code.

**ARTICLE 11. PATENT PROSECUTION AND MAINTENANCE**

11.1 Future Patent Expenses

Licensee will pay, within thirty (30) days of invoice, all future expenses for filing, prosecuting, enforcing, and maintaining the Patent Rights that are licensed to Licensee hereunder, including without limitation, any taxes on such Patent Rights. Licensee will receive such invoices directly from patent counsel; Licensor will receive a copy of such invoice. Licensee shall pay such invoices directly to patent counsel with written confirmation of payment to Licensor.

In the event that Licensee fails to pay any patent expenses required under this Agreement within sixty (60) days of receipt of notification that such expenses are due, Licensee will be required within the following thirty (30) day period to establish with a leading and first class bank, subject to approval by Licensor, an irrevocable and, if so requested by Licensor, confirmed letter of credit (not restricted, unless otherwise jointly agreed upon) in the amount of US\$\_\_\_\_\_ in favor of Licensor available immediately to secure the payment of patent expenses due under this Agreement. Licensor may draw upon such letter of credit upon presentation of the letter notifying Licensee of patent expenses due and payable and a statement from Licensor of Licensee’s failure to pay. In the event that Licensee does not establish such letter of credit within such thirty (30) day period, Licensor may unilaterally terminate this Agreement. Should Licensee decline or fail to pay the costs and legal fees for the preparation, prosecution, and maintenance of any patent or patent application under this Agreement, Licensor may at its discretion, either (i) exclude by written notice the patent or patent application from this Agreement, without terminating the Agreement in its entirety and Licensee shall have no further rights thereto, or (ii) Licensor may terminate this Agreement in full pursuant to Section 12.1. Any exclusion pursuant to this section shall not relieve Licensee of any obligation or liability accrued hereunder prior to such exclusion, or rescind or give rise to any right to rescind any payments made or other consideration given to Licensor hereunder prior to the time such exclusion becomes effective. Such exclusion shall not affect in any manner any obligation due Licensor by Licensee, arising under this Agreement prior to the date of such exclusion.

11.2 Patent Counsel

Licensor will work closely with Licensee to develop a suitable strategy for the prosecution and maintenance of all Patents Rights; provided that Licensor will maintain final authority in all decisions regarding the prosecution and maintenance of the Patent Rights. Licensor will confer with Licensee regarding the choice of patent counsel and will identify to

Licensee the patent attorney selected to file and prosecute the Patent Rights. It is intended that Licensee will interact directly with the selected patent counsel in all phases of patent prosecution: preparation, office action responses, filing strategies for continuation or divisional applications, and other related activities. Licensor will provide copies or cause patent counsel to provide copies of all official patent office correspondence to Licensee. Licensor will request that copies of all documents prepared by the selected patent counsel be provided by patent counsel to Licensee for review and comment prior to filing, to the extent practicable under the circumstances. Licensee will be billed and will pay all documented costs and fees and other charges incident to the preparation, prosecution, and maintenance of the Patent Rights within thirty (30) days of receipt of invoice from the selected patent attorney. All patent applications and patents will be in the name of Licensor, owned by Licensor and included as part of the Patent Rights licensed pursuant to this Agreement.

- 11.3 If Licensor agrees to allow Licensee to select patent counsel, Licensor must consent, in writing, to such selected patent attorney, or any subsequent or new patent counsel, which consent shall not be unreasonably withheld. The selected patent counsel will i) agree to keep both Licensee and Licensor, as co-clients, equally informed and involved as to all material information, material communications with governmental patent offices, material issues and decisions, and related matters applicable to prosecuting the patent applications for the Patent Rights and for maintaining the Patent Rights in good standing, and ii) will be instructed that no patent application or patent shall be allowed to go abandoned without consent of Licensor. Decisions for prosecuting the patent applications will be made so as to obtain as broad of patent protection as is reasonable and practical under the circumstances. Licensee will request that copies of all documents prepared by the patent counsel selected by Licensee be provided to Licensor for review and comment prior to filing to the extent practicable under the circumstances. Licensee will promptly notify Licensor of its plans to file, revise, or drop any patent application or claim which may adversely affect the Patent Rights or the rights or royalties of Licensor in the Licensed Product(s) under this Agreement. Licensee and the selected patent attorney shall not change any inventorship designations and shall not drop or reduce any claim in a pending patent application which may adversely affect the Patent Rights or royalties of Licensor.

## **ARTICLE 12. TERMINATION BY LICENSOR**

- 12.1 Unless sooner terminated as otherwise provided in this Agreement, the term of this Agreement shall commence on the Effective Date and shall continue until the expiration of the last to expire of the Patent Rights.
- 12.2 If Licensee should: (a) fail to deliver to Licensor any statement or report required hereunder when due; (b) fail to make any payment at the time that the same should be due; (c) violate or fail to perform any covenant, condition, or undertaking of this Agreement to be performed by it hereunder; (d) fail to have a sale of Licensed Product(s) within [REDACTED] years after the Effective Date; (e) file a bankruptcy action, or have a bankruptcy action against it, or become Insolvent; or (f) enter into a composition with creditors, or have a receiver appointed for it; then Licensor may give written notice of such default to Licensee. If Licensee should fail to cure such default within thirty (30) days of such notice, the rights, privileges, and license granted hereunder shall automatically terminate.
- 12.2 If Licensor determines that i) Licensee is no longer Actively Commercializing or ii) Licensee is failing to make Commercially Diligent Efforts in the development of a Licensed Product or Licensed Method then Licensor may, upon thirty (30) days' prior written notice, terminate this Agreement or reduce the license granted under this Agreement to a non-exclusive license and grant third parties licenses to the Patent Rights, unless within such thirty (30) day period Licensee can provide reasonable proof of Commercially Diligent Efforts.
- 12.1If Licensee shall (a) cease development of Licensed Products or Licensed Methods; (b) cease the sale of Licensed Products or Licensed Methods; or (c) to otherwise discontinue its business with respect to the rights granted in this Agreement, this Agreement shall terminate upon thirty (30) days written notice by Licensor.
- 12.2 No termination of this Agreement by Licensor shall relieve Licensee of its obligation to pay any monetary obligation due or owing at the time of such termination and shall not impair any accrued right of Licensor. Licensee shall pay all attorneys' fees and costs incurred by Licensor in enforcing any obligation of Licensee or accrued right of Licensor. Articles 1, 7, 9, 10, 14, 20, 21, 22, 23, 25, 26, and Sections 2.6, 8.1, 12.3, 15.2, 15.3, 17.3, 27.5, and 27.7 hereof shall survive any termination of this Agreement.

**ARTICLE 13. TERMINATION BY LICENSEE**

- 13.1 Licensee may terminate this Agreement, in whole or as to any specified patent, at any time and from time to time without cause, by giving written notice thereof to Licensor *and payment of a termination fee of [REDACTED] Dollars* (~~§ XXXXX~~). Such termination shall be effective one hundred twenty (120) days after such notice and all Licensee's rights associated therewith shall cease as of that date and upon payment of any amounts due to Licensor under this Agreement through the effective date of such termination.
- 13.2 This Agreement shall automatically terminate if the Licensor challenges the validity or enforceability of the Patent Rights in a court or other governmental or regulatory agency of competent jurisdiction.
- 13.3 Any termination pursuant to Section 13.1 shall not relieve Licensee of any obligation or liability accrued hereunder prior to such termination, or rescind or give rise to any right to rescind any payments made or other consideration (including equity) given to Licensor hereunder prior to the time such termination becomes effective. Such termination shall not affect in any manner any rights of Licensor arising under this Agreement prior to the date of such termination.
- 13.4 No termination of this Agreement by Licensor shall relieve Licensee of its obligation to pay any monetary obligation due or owed at the time of such termination and shall not impair any accrued right of Licensor. Licensee shall pay all attorneys' fees and costs incurred by Licensor in enforcing any obligation of Licensee or accrued right of Licensor. Articles 1, 7, 9, 10, 14, 20, 21, 22, 23, 25, 26, and Sections 2.6, 8.1, 13.3, 15.2, 15.3, 17.3, 27.5, and 27.7 hereof shall survive any termination of this Agreement.

**ARTICLE 14. EFFECTS OF TERMINATION**

- 14.1 The following conditions shall apply upon expiration or termination of this Agreement by either party, Licensee shall:
- a) Return or destroy at Licensor's discretion all tangible materials provided by Licensor to Licensee.
  - b) Cease the manufacture, processing, importing, or use of Licensed Products or Licensed Methods, except as specified in 14.1(c) below.
  - c) Licensee shall provide Licensor with a written inventory of all Licensed Products in process of manufacture, in use, or in stock. Licensee may dispose of any such Licensed Products within the ninety (90) day period following such expiration or termination, provided, however, that Licensee shall pay royalties and render reports to Licensor thereon in the manner specified herein.

**ARTICLE 15. REPRESENTATIONS & WARRANTIES**

- 15.1 Licensor represents that to the best of its knowledge it has the lawful right to grant the license set forth in this Agreement.
- 15.2 **EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.1, THE PARTIES ACKNOWLEDGE AND AGREE THAT KU, LICENSOR, ITS AFFILIATES, AGENTS, EMPLOYEES, AND THE INVENTORS HAVE MADE NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR THE VALIDITY OR ENFORCEABILITY OF PATENT RIGHTS. IN NO EVENT SHALL LICENSOR, ITS AFFILIATES, AGENTS, EMPLOYEES, OR THE INVENTORS BE HELD RESPONSIBLE FOR ANY DIRECT, SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE EXERCISE OF PATENT RIGHTS, EVEN IF LICENSOR IS ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES.**
- 15.3 Nothing in this Agreement shall be construed as:



- a. a warranty or representation by Licensor as to the validity, enforceability, or scope of any Patent Rights;
  - b. a warranty or representation by Licensor that Licensee's exercise or practice of the license granted (including making, using, selling, offering for sale, or importing the Licensed Product or Licensed Method) is or will be free from infringement of third parties' intellectual property rights;
  - c. an obligation by Licensor or KU to bring or prosecute actions or suits against third parties for patent infringement, except as expressly provided in this Article 15;
  - d. an obligation to furnish any know-how, materials, or data not provided in the Patent Rights; and
  - e. conferring by implication, estoppel, or otherwise any license or rights under any patents of Licensor other than Patent Rights.
- 15.4 Licensor shall not be liable to Licensee, Affiliates, or Sublicensees for compensatory, special, incidental, indirect, consequential, punitive, or exemplary damages resulting from the development, manufacture, testing, design, labeling, use, or sale of Licensed Products of Licensed Methods. In no case shall Licensor's total cumulative liability in connection with this Agreement and the Patent Rights, as well as any Licensed Technology, whether in contract, tort, or otherwise, exceed the fees paid to Licensor under this Agreement from the twelve months preceding the claim.
- 15.5 Licensee represents and warrants that it possesses the necessary skill and expertise in the technical areas pertaining to the Patent Rights to make and Licensee has indeed made its own independent evaluation of its capabilities, utility, and potential commercial application. Licensee represents and warrants that it has adopted and applies policies to ensure that Licensee's principles and practices of good corporate governance promote the highest standards of accountability and transparency.

## **ARTICLE 16. INFRINGEMENT**

- 16.1 If either party learns of a claim of infringement of any of Licensor's Patent Rights licensed under this Agreement, that party shall give prompt written notice of such claim to the other party. Licensor shall then use reasonable efforts to terminate such infringement. In the event Licensor fails to abate the infringing activity within ninety (90) days after such written notice or to bring legal action against the third party, Licensee, at its sole cost, may bring suit for patent infringement against the infringing party. No settlement, consent judgment, or other voluntary final disposition of the suit may be entered without Licensor's consent, which consent shall not be unreasonably withheld. Should Licensee, after bringing suit, elect to abandon such suit, it shall give Licensor prompt notice, and Licensor may, at its discretion, continue with prosecution of such suit at its own expense and Licensee shall forfeit its right under 16.2 below to any damages or costs recovered. Licensee agrees to provide reasonable assistance to Licensor's continued pursuit of the third-party infringement claim should Licensor continue the prosecution.
- 16.2 Any such legal action under this Section 16 shall be at the expense of the party who filed suit, or in the case of abandonment as contemplated in Section 16.1, the party who assumes the prosecution from the point of abandonment (the "Litigating Party"). Any damages or costs recovered by the Litigating Party in connection with a legal action shall be equally divided between Licensee and Licensor following a) the Litigating Party's reimbursement for its litigation costs and reasonable expenses; and b) payment of applicable royalties or other payments due to Licensor under Article 4.
- 16.3 Licensee and Licensor shall cooperate in good faith in litigation proceedings under this Section 16, provided that such cooperation shall be at the expense of the Litigating Party, and such litigation shall be controlled by the Litigating Party unless the parties otherwise agree.

## **ARTICLE 17. INSURANCE**

- 17.1 Insurance Requirements

Prior to (i) any Licensed Product and/or Licensed Method being distributed or sold; or (ii) the initiation of any clinical trial or other study required for regulatory approvals by Licensee, Affiliate, or a Sublicensee, Licensee will, at its sole cost and expense, procure and maintain commercial general liability insurance issued by an insurance carrier with an A.M. Best rating of "A" or better in amounts not less than five million dollars (\$5,000,000) per incident and five million dollars (\$5,000,000) annual aggregate. Licensee shall name Licensor, KU, the Kansas Board of Regents and each's respective officers, employees and agents, as additional insureds. All rights of subrogation will be waived against Licensor and its insurers. Such commercial general liability insurance will provide (i) product liability coverage; (ii) broad form contractual liability coverage for Licensee's indemnification under this Agreement; and (iii) coverage for litigation costs. The specified minimum insurance amounts will not constitute a limitation on Licensee's obligation to indemnify Licensor, KU, the Kansas Board of Regents and each's respective officers, employees and agents, under this Agreement.

#### 17.2 Evidence of Insurance and Notice of Changes

Licensee will provide Licensor with written evidence of such insurance coverage and the addition of the required additional insureds upon Licensor's request. Licensee will provide Licensor with written notice of at least thirty (30) days prior to the cancellation, non-renewal, or material change in such insurance. If Licensee fails to obtain replacement insurance providing comparable coverages within such thirty (30) day period, Licensor shall have the right to terminate this Agreement effective at the end of the thirty (30) day period without any additional waiting period.

#### 17.3 Continuing Insurance Obligations

Licensee shall maintain such commercial general liability insurance beyond the expiration or termination of this Agreement during (i) the period that any Licensed Product(s) and/or Licensed Method(s) developed pursuant to this Agreement is being commercially distributed or sold by Licensee, any Affiliate, or any Sublicensee or agent of Licensee; and (ii) for a reasonable period following the completion of the activities contemplated under (a) above, but in no event shall be less than five (5) years after such period.

### **ARTICLE 18. WAIVER**

No waiver by either party hereto of any breach or default of any of the covenants or agreements herein set forth shall be deemed a waiver as to any subsequent and/or similar breach or default.

### **ARTICLE 19. ASSIGNABILITY**

This Agreement is not assignable or otherwise transferable (including by operation of law, merger, or other business combination) by Licensee without the prior written consent of Licensor. The failure of Licensee to comply with the terms of this paragraph shall be grounds for immediate termination of the Agreement by Licensor under Article 12. In the event of an assignment or transfer, Licensee will pay to Licensor a non-refundable fee of one percent (1%) of the total transactional value upon the consummation of the assignment or transfer.

### **ARTICLE 20. INDEMNIFICATION BY LICENSEE**

Licensee shall indemnify, hold harmless, and defend Licensor, KU, the Kansas Board of Regents and each's respective officers, directors, employees, Inventors, affiliates, cooperative organizations, and agents (collectively, "Licensor Indemnitees), against any and all claims, suits, losses, damages, costs, liabilities, fees, and expenses (including reasonable attorneys' fees) (collectively "Claims") arising out of: (a) the exercise of any license granted under this Agreement; (b) the breach of this Agreement by Licensee, its Affiliates, or its Sublicensees; (c) failure by Licensee, its Affiliates, or its Sublicensees to comply with any applicable laws, rules, or regulations, (d) the manufacture, testing, sale, or use of any Licensed Product or License Method, or (e) any negligence, intentional misconduct, act, error, or omission of Licensee, its officers, directors, agents, employees, Affiliates, or Sublicensees, except where such Claims directly arise and are solely from the gross negligence, fraud, or intentional misconduct of the Licensor. Licensor will provide Licensee with prompt written notice of any claim for which a Licensor Indemnitee seeks indemnification. Licensee shall have sole control over the defense and settlement of any Claim under this section provided it does so diligently, in good faith, and uses reasonably experienced counsel with expertise in the relevant field, and the Licensor Indemnitees will reasonably cooperate in the defense of such Claim. Licensee shall not admit fault on a

Licensor Indemnitees' behalf nor enter into any settlement or resolution on the Licensor Indemnitees' behalf without the Licensor Indemnitees' written consent—said consent not to be unreasonably withheld. Licensee shall give Licensor prompt and timely written notice of any claim or suit instituted of which Licensee has knowledge that in any way, directly or indirectly, affects or might affect Licensor Indemnitees, and the Licensor Indemnitees shall have the right at their own expense to participate in the defense of the same with their own counsel(s).

## **ARTICLE 21. NOTICES**

### **21.1 Required Annual Reporting**

Progress and royalty reports required under Article 8 may be delivered electronically with a copy to [kuctc@ku.edu](mailto:kuctc@ku.edu) and shall be considered received upon confirmation of receipt by Licensor. If no confirmation of receipt is received within five (5) business days, Licensee agrees to forward a written report via to the address for notices below.

### **21.2 Notices**

Any notice or other communication required or permitted to be given to either party hereto shall be in writing and shall be deemed to have been properly given and effective: (a) on the date of delivery if delivered in person during recipient's normal business hours; or (b) on the date of attempted delivery if delivered by courier, express mail service or first-class mail, registered or certified. Such notice shall be sent or delivered to the respective addresses given below, or to such other address as either party shall designate by written notice given to the other party as follows:

In the case of Licensee:

[COMPANY NAME]

\_\_\_\_\_

\_\_\_\_\_

In the case of Licensor:

KU Innovation Park  
Attn: KUCTC  
2029 Becker Dr, Suite 142  
Lawrence, KS 66047  
785-864-6401

## **ARTICLE 22. REGULATORY COMPLIANCE**

22.1 When required by local/national law, Licensee shall register this Agreement, pay all costs and legal fees connected therewith, and otherwise ensure that the local/national laws affecting this Agreement are fully satisfied.

22.2 Licensee acknowledges that Licensed Products and Licensed Methods may be subject United States laws and regulations governing the export of certain data, materials, software, or other commodities. Licensee shall comply with all applicable U.S. laws dealing with the export and/or management of technology or information. Licensee understands that the Arms Export Control Act (AECA), including its implementing International Traffic In Arms Regulations (ITAR), and the Export Administration Act (EAA), including its Export Administration Regulations (EAR), are some (but not all) of the laws and regulations that comprise the U.S. export laws and regulations. Licensee further understands that the U.S. export laws and regulations include (but are not limited to): (1) ITAR and EAR product/service/data-specific requirements; (2) ITAR and EAR ultimate destination-specific requirements; (3) ITAR and EAR end user-specific requirements; (4) ITAR and EAR end use-specific requirements; (5) Foreign Corrupt Practices Act; and (6) anti-boycott laws and regulations. Licensee will comply with all then-current applicable export laws and regulations of the U.S. Government (and other applicable U.S. laws and regulations) pertaining to the Licensed Product(s) and/or Licensed Method(s) (including any associated products, items, articles, computer software, media, services, technical data, and

other information). Licensee certifies that it will not, directly or indirectly, export (including any deemed export), nor re-export (including any deemed re-export) the Licensed Product(s) and/or Licensed Method(s) (including any associated products, items, articles, computer software, media, services, technical data, and other information) in violation of U.S. export laws and regulations or other applicable U.S. laws and regulations. Licensee will include an appropriate provision in its agreements with its authorized Sublicensees to assure that these parties comply with all then-current applicable U.S. export laws and regulations and other applicable U.S. laws and regulations. Licensor neither represents that an export license shall not be required nor that if required such export license shall be issued.

- 22.3 Licensee agrees to cooperate with Licensor so that it may make accurate reporting to the U.S. Federal Government regarding product manufacturing. To the extent that the Invention or Patent Rights were developed using funding from the United States Government, Licensee agrees that any products used or sold in the United States embodying Licensed Products or produced through use of the Licensed Method shall be manufactured substantially in the United States, unless a written waiver is obtained in advance from the sponsoring federal agency. Licensee shall notify Licensor if it desires to request any such waiver, which request Licensor shall make on the Licensee's behalf.

### **ARTICLE 23. GOVERNING LAW**

This Agreement shall be interpreted and construed in accordance with the laws of the State of Kansas, without application of any principles of choice of laws.

### **ARTICLE 24. RELATIONSHIP OF PARTIES**

In assuming and performing the respective obligations under this Agreement, Licensee and Licensor are each acting as independent parties and neither shall be considered or represent itself as a joint venture, partner, agent, or employee of the other.

### **ARTICLE 25. USE OF NAMES**

#### 25.1 By Licensee

Licensee shall not, without prior written consent of the Licensor, use the name or any trademark or trade name owned by Licensor, KU, or by an affiliate of KU, in any publication, publicity, advertising, or otherwise, except that Licensee may identify KUCTC as licensor of the Patent Rights and Licensed Products.

#### 25.2 By Licensor

Licensor may use Licensee's name in connection with Licensor's publicity related to Licensor's intellectual property and commercialization achievements.

### **ARTICLE 26. DISPUTE RESOLUTION**

The parties agree to attempt to settle any dispute arising out of this Agreement first through consultation and good-faith negotiations. Except for the right of either party to apply to a court of competent jurisdiction for a temporary restraining order, a preliminary injunction, or other equitable relief to preserve the status quo or prevent irreparable harm, any and all claims, disputes, or controversies arising under, out of, or in connection with the Agreement, including but not limited to any dispute relating to patent validity or infringement, which the parties shall be unable to resolve through consultation and negotiation within sixty (60) days, shall be mediated in good faith. The party raising such dispute shall promptly advise the other party in writing of such dispute. By no later than ten (10) business days after the recipient has received such written notice of a dispute, each party shall have selected for itself a representative who shall have the authority to bind such party, and shall additionally have advised the other party in writing of the name and title of such representative. By no later than thirty (30) days after the date of such written notice of a dispute, the party against whom the dispute shall be raised shall select a mediator in the Kansas City area and such representatives shall schedule a date with such mediator for a hearing. Such mediation shall be conducted in accordance with the then current AAA Model Commercial Mediation Procedures, to the extent such procedures do not conflict with the terms of this Article. The parties shall enter into good faith mediation and shall share the costs equally. If the representatives of the parties have not been able to resolve the dispute within thirty (30) business days after such mediation

hearing, then any and all claims, disputes, or controversies arising under, out of, or in connection with this Agreement, including any dispute relating to patent validity or infringement, shall be resolved through any judicial proceeding either in the courts of the State of Kansas or in the United States District Court for the District of Kansas, to whose jurisdiction for such purposes Licensee and Licensor each hereby irrevocably consents and submits. All costs and expenses, including reasonable attorneys' fees, of the prevailing party in connection with resolution of a dispute via litigation of such controversy or claim(s) shall be borne by the other party.

**ARTICLE 27. GENERAL PROVISIONS**

- 27.1 The headings of the sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.
- 27.2 This Agreement shall not be binding upon the parties until it has been signed below by or on behalf of each party.
- 27.3 No amendment or modification of this Agreement shall be valid or binding upon the parties unless made in writing and signed by both parties hereto.
- 27.4 This Agreement embodies the entire understanding of the parties and supersedes all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter thereof.
- 27.5 The provisions of this Agreement are severable, and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions hereof.
- 27.6 This Agreement may be signed in counterparts, each of which when taken together shall constitute one fully executed document. Each individual executing this Agreement on behalf of a legal Entity does hereby represent and warrant to each other person so signing that he or she has been duly authorized to execute this Agreement on behalf of such Entity.
- 27.7 In the event of any litigation, arbitration, judicial reference, or other legal proceeding involving the parties to this Agreement to enforce any provision of this Agreement, to enforce any remedy available upon default under this Agreement, or seeking a declaration of the rights of either party under this Agreement, the prevailing party shall be entitled to recover from the other such attorneys' fees and costs as may be reasonably incurred, including the costs of reasonable investigation, preparation, and professional or expert consultation incurred by reason of such litigation, arbitration, judicial reference, or other legal proceeding.
- 27.8 Except as required by law, neither party may disclose the financial terms of this Agreement without the prior written consent of the other party, such consent not to be unreasonably withheld.
- 27.9 Licensee acknowledges that Licensor is a 501c(3) corporation; Licensee will exercise necessary precautions to ensure that Licensor's 501c(3) status is not jeopardized by Licensee's activity under this Agreement by refraining from engaging in prohibited activity, including, but not limited to, making political contributions or engaging in substantial lobbying of legislators for or on behalf of Licensor or its interests in the Licensee, if applicable.

IN WITNESS WHEREOF, Licensor and Licensee have executed this Agreement by their respective officers hereunto duly authorized, on the day and year hereinafter written.

"Licensee"

"Licensor"

[COMPANY NAME]

KU CENTER FOR TECHNOLOGY  
COMMERCIALIZATION, INC

By \_\_\_\_\_  
(Signature)

By \_\_\_\_\_  
(Signature)

Name \_\_\_\_\_

Name: \_\_\_\_\_

(Please Print)

Title \_\_\_\_\_

Title:

Date \_\_\_\_\_

Date \_\_\_\_\_

**EXHIBIT "A"**  
**PATENT RIGHTS**

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KU Ref No.	Matter	Application No.	Title	Inventor(s)
Date of Filing				

**EXHIBIT "B"**

**LICENSE TO THE UNITED STATES GOVERNMENT**

This instrument confers to the United States Government, as represented by the \_\_\_\_\_, a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced on its behalf throughout the world the following subject invention. This license will extend to all divisions or continuations of the patent application and all patents or reissues, which may be granted thereon:

Invention Title:

Inventor(s):

Patent Application Serial No.:

Filing Date:

Country, if other than United States:

This subject invention was conceived and/or first actually reduced to practice in performance of a government-funded project, Grant No.: \_\_\_\_\_

Principal rights to this subject invention have been left with the University of Kansas, subject to the provisions of 37 CFR 401 and 45 CFR 8.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Name: Bridget Stull

Title: Secretary



**EXHIBIT "C"**

**XXXX ROYALTY REPORT**

LICENSEE: \_\_\_\_\_ KUCTC Technology ID # \_\_\_\_\_

Period Covered: From \_\_\_\_\_ Through: \_\_\_\_\_

Prepared By: \_\_\_\_\_ Date: \_\_\_\_\_

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

If Licensee has several licensed products, please prepare separate reports for each. Then, compile all licensed products into a summary report.

Country and Patent	Product or Tradename	Quantity Sold	Unit Price	Gross Sales	* Less Allowances	Net Sales	Royalty Rate	Period Royalty Amount	
								This Year	Last Year
USA				\$	\$	\$		\$	\$
#									
Canada									
#									
Europe:									
#									
#									
#									
#									
Japan									
#									
Other:									
#									
#									
Sublicense #1 (name)									
#									
Sublicense #2 (name)									
#									
<b>TOTAL:</b>				\$	\$	\$		\$	\$

Total Royalty Due: \$ \_\_\_\_\_

The following royalty forecast is non-binding and for internal planning only:

Royalty Forecast Under This Agreement: Qtr 1: \_\_\_\_\_ Qtr 2: \_\_\_\_\_ Qtr 3: \_\_\_\_\_ Qtr 4: \_\_\_\_\_

\* On a separate page, please indicate the reasons for adjustments, if significant. Please refer to the following examples as applicable: (1) cash, trade or quantity discounts actually allowed; (2) sales, use, tariff, customs duties or other excise taxes directly imposed upon particular sales; (3) outbound transportation charges--prepaid or allowed, and (4) allowances or credits to third parties for rejections or returns.

**EXHIBIT "D"**

**[ANNUAL/BI-ANNUAL] COMMERCIALIZATION REPORT**

**[Company Name]**

**[Tech Title and KUCTC Tech ID#]** *(if several, use oldest)*

*For period beginning \_\_\_\_\_ and ending \_\_\_\_\_ ("Period")*

Date: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_ Email: \_\_\_\_\_

**1. Commercialization Efforts**

Attach all requested documentation and attach additional pages as necessary. For all requirements include efforts of all Sublicensees. If not applicable, please so indicate by N/A.

COMMERCIALIZATION REPORT							
Country	Licensee's Licensed Product and Tradename	Sublicensee's Licensed Product and Tradename	Royalty Rate	Current Period Net Sales	Net Sales Forecast		
					Year 1 after current Period	Year 2 after current Period	Year 3 after current Period
<i>eg: US</i>	<i>Tissue</i>	<i>N/A</i>	<i>2%</i>	<i>\$800,000</i>	<i>1.2M</i>	<i>1.8M</i>	<i>2M</i>

- Estimated number of jobs created as a result of this Licensed Product/Licensed Method: \_\_\_\_\_

\_\_\_\_ Yes \_\_\_\_ No In the designated reporting period, did your company or any Sublicensee of the above-referenced technology have 500 or more employees? *(This information is required to determine and report large or small entity status in the United States.)*

**2. Product Development**

Attach all requested documentation and attach additional pages as necessary. For all requirements include efforts of all Sublicensees. If not applicable, please so indicate by N/A.

- Provide the commercial name of any products, incorporating, using or that are Licensed Products/Licensed Methods which are currently for sale or which first reached the market during the designated reporting Period. Please complete the table most appropriate for the type of product. *(This information is required by the US government for all federally funding inventions)*

**Pharmaceutical**

Licensed Product (Name):		Estimated Date of First Sale:		
		Name of manufacturer (if applicable) _____		
		Country of primary manufacture: <input type="checkbox"/> US _____ (list state) <input type="checkbox"/> Other: _____ (specify country)		
FDA approval stage	Contact Person	Estimated Start Time	Estimated End Time	Estimated Budget
Preclinical				
NDA				
Phase I				
Phase II				
Phase III				
Animal Studies				
Mfg./Production Facility				

**Medical Devices (PMA or 510(k))**

Licensed Product (Name):		Estimated Date of First Sale:		
		Name of manufacturer (if applicable) _____		
		Country of primary manufacture: <input type="checkbox"/> US _____ (list state) <input type="checkbox"/> Other: _____ (specify country)		
Class Type:				
Completion Type:				
FDA Approval Stage		Estimated Start Time	Estimated End Time	Estimated Budget
PMA				
501(k)				
IDE				
HDE				
Preclinical				
Phase I				
Phase II				
Phase III				
Mfg./Production Facility				

**Software (including mobile apps)**

Licensed Product (Name):		Estimated Date of First Sale:		
		Name of manufacturer (if applicable) _____		
		Country of primary manufacture: <input type="checkbox"/> US _____ (list state) <input type="checkbox"/> Other: _____ (specify country)		
	Contact Person	Estimated Start Time	Estimated End Time	Estimated Budget
Alpha Version			Other	
Beta Version				
Commercial Version				

**Other Products (consumer products, educational products, etc.)**

Licensed Product (Name):		Estimated Date of First Sale:		
		Name of manufacturer (if applicable) _____		
		Country of primary manufacture: <input type="checkbox"/> US _____ (list state) <input type="checkbox"/> Other: _____ (specify country)		
	Contact Person	Estimated Start Time	Estimated End Time	Estimated Budget
Initial Prototype				
Commercial Version				

**3. Intellectual Property**

Please provide type of intellectual property protection covering or related to the identified licensed product

Licensed Product (Name):				
Country	Patent No./Patent Appl. No /Copyright Registration No. or Related IP	Owner (Licensor/Licensee/Third Party)	Inventor Name(s)/ Author(s)	Title(s)

**4. Marketing Activities**

**A.** Provide an update covering Licensee’s projected marketing, manufacturing and operations

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Licensed Product	Competitor’s name	Competing technology	Licensed Product Available/ Development Stage	Marketing Budget	Current Marketing Partner	Potential Marketing Partner
<i>eg: A</i>	<i>XYZ</i>	<i>ABC</i>	<i>Available</i>	<i>\$500,000</i>	<i>SKY</i>	<i>SOL</i>

**5. Additional efforts including, but not limited to, Due Diligence, Milestones, or other payments due to Licensor which are specific to licensee’s Agreement.**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**EXHIBIT "E"**

**CAPITALIZATION TABLE**

**EXHIBIT "F"**  
**COMMERCIALIZATION PLAN**