

EXCLUSIVE LICENSE AGREEMENT

dated _____, 20__

between

[Company Name]

and

KU Center for Technology Commercialization, Inc.

FOR DISCUSSION PURPOSES ONLY – the KU Center for Technology Commercialization (KUCTC) has provided this example license agreement template as a courtesy; it is explicitly not an offer and any license agreement shall only be binding at such time as it has been executed by an authorized officer of the KU Center for Technology Commercialization, Inc. Not all terms are applicable to every license and as with any agreement, the terms and conditions will be customized based upon the commercialization plans and are subject to negotiation. Italicized terms indicate alternative language to be used when applicable.

Exclusive License Agreement
KUCTC Reference Number: _____

TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS	2
ARTICLE 2. LICENSE GRANT	4
ARTICLE 3. TERM OF AGREEMENT	6
ARTICLE 4. FEES & ROYALTIES	7
ARTICLE 5. COMMERCIAL DILIGENCE & MILESTONES	9
ARTICLE 6. EQUITY OWNERSHIP	9
ALTERNATIVE ARTICLE 6. SUCCESS FEE	10
ARTICLE 7. CONFIDENTIALITY	11
ARTICLE 8. QUARTERLY & ANNUAL REPORTS	11
ARTICLE 9. PAYMENTS, RECORDS and AUDITS	12
ARTICLE 10. PATENT MARKING	14
ARTICLE 11. PATENT PROSECUTION AND MAINTENANCE	14
ARTICLE 12. TERMINATION BY LICENSOR	15
ARTICLE 13. TERMINATION BY LICENSEE	15
ARTICLE 14. EFFECTS OF TERMINATION	16
ARTICLE 15. REPRESENTATIONS & WARRANTIES	16
ARTICLE 16. INFRINGEMENT	17
ARTICLE 17. INSURANCE	18
ARTICLE 18. WAIVER	18
ARTICLE 19. ASSIGNABILITY	18
ARTICLE 20. INDEMNIFICATION BY LICENSEE	18
ARTICLE 21. NOTICES	19
ARTICLE 22. REGULATORY COMPLIANCE	19
ARTICLE 23. GOVERNING LAW	20
ARTICLE 24. RELATIONSHIP OF PARTIES	20
ARTICLE 25. USE OF NAMES	20
ARTICLE 26. DISPUTE RESOLUTION	20
ARTICLE 27. GENERAL PROVISIONS	21
EXHIBIT "A"	23
EXHIBIT "B"	24
EXHIBIT "C"	25
EXHIBIT "D"	28
EXHIBIT "E"	29

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, 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;

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

ARTICLE 1. 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 patent application or issued and unexpired patent included in the Patent Rights claiming or otherwise describing all, a portion, or a component, or step of a product, process, or method of use within the Field of Use.
- 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 diligence milestones set forth in Article 5.1 and the commercialization plan, attached as Exhibit F and incorporated by reference, submitted to Licensor by Licensee 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 _____.

- 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 _____.
- 1.8 “**First Commercial Sale**” means the initial transfer by or on behalf of Licensee, its Affiliates, sublicensees, or other authorized seller of Licensed Products or the initial practice of a Licensed Method by or on behalf of Licensee, its Affiliates, sublicensees, or other authorized third party, in exchange for cash or some equivalent to which value can be assigned for the purpose of determining Net Sales.
- 1.9 “**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.
- 1.10 “**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 (a) is Covered By the Patent Rights; *and/or (b) uses, incorporates, is made with, and/or is or was created with or derived from any 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 (a) is Covered By the Patent Rights; *and/or (b) uses, incorporates, is made with, and/or is or was created with or derived from any 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 **"Payment Deadline"** means the date that is thirty (30) days after the end of each calendar quarter; that is April 30, July 30, October 30, and January 30 of each calendar year.
- 1.17 **"Sublicense Agreement"** means any agreement or arrangement pursuant to which Licensee directly or indirectly through intermediaries authorizes a third party to: (a) develop, manufacture, offer for sale, sell, lease, transfer, import and/or otherwise provide a Licensed Product; or (b) practice Patent Rights or Licensed Technology; regardless of whether the agreement or arrangement requires or is captioned as a license or sublicense under the Patent Rights or Licensed Technology.
- 1.18 **"Sublicensee"** means any party which enters into a Sublicense Agreement.
- 1.19 **"Territory"** means _____.

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, Licensors 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 Licensors 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 Licensors 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 grant rights to the Patent Rights, and/or transfer material embodiments of the Patent Rights or Licensed Technology 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 and/or Licensed Technology may have been conceived or first actually reduced to practice, or during the Term may be first actually reduced to practice, under a funding agreement from the United States Federal Government and, if so, the United States Federal Government has certain rights thereto. The licenses granted in Section 2.1 hereof are expressly made subject to the United States Federal Government's rights under any such agreement and under any applicable law or regulation, including 35 U.S.C. §200 et. Seq. ("**Bayh-Dole Act**"). To the extent that there is a conflict between any such agreement, such applicable law or regulation and this Agreement, the terms and conditions of such agreement, and/or applicable law or regulation, shall prevail. Licensee agrees to comply and permit Licensors to comply with the Bayh-Dole Act, including to provide the reporting required, and unless waived pursuant to the Bayh-Dole Act to substantially manufacture Licensed Products and products produced through the use of Licensed Products in the United States.

2.4 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 2.5 as if the Affiliate were a Sublicensee. All 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 Licensors to directly audit the Affiliate to the same extent as Licensors is able to audit Licensee. For the purposes of this Section 2.4, "Extend" shall mean any contract, instrument, or other mechanism which allows or enables the Affiliate to research, develop, make, have made, use, sell, offer for sale, import and otherwise commercialize Licensed Products or Licensed Methods. Licensee shall within thirty (30) days of such extension, provide Licensors with a copy of such contract, instrument, or other mechanism by which such extension was put into effect.

2.5 Sublicensing

Upon written approval from Licensor, Licensee may enter into Sublicense 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 (i) be in writing; (ii) 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; (iii) not exceed the scope of rights granted to Licensee hereunder; (iv) state that KU and KU are third party beneficiaries thereunder; and (v) include a right of termination by Licensee in the event that Sublicensee acts in any manner that would constitute a breach of this Agreement if such action or inaction were that of Licensee. Licensee shall collect and guarantee all payments due Licensor from Sublicensee(s). In each such Sublicense Agreement, 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: (i) execution, provide Licensor with a copy of each Sublicense Agreement granted by Licensee hereunder, and any amendments thereto or terminations thereof; and (ii) 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 (i) terminate any or all Sublicense Agreement(s) and all rights granted thereunder, or (ii) require Licensee to immediately assign all of its right, title, and interest to all Sublicense Agreement(s) to Licensor, including the right to receive all income from the Sublicense Agreement(s). Licensee shall, prior to execution of each Sublicense Agreement, make the intended Sublicensee(s) aware of this contingency.
- e) Notwithstanding any such Sublicense Agreement, Licensee will remain primarily liable to Licensor for all of the Licensee's duties and obligations contained in the Agreement, including without limitation the payment of running royalties due under Section 4.3 whether or not paid to Licensee by a Sublicensee. Any act or omission of a Sublicensee that would be a breach of the Agreement if performed by Licensee will be deemed to be a breach by Licensee.
- f) Licensee shall include in any Sublicense Agreement 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.
- g) Licensee shall include in any Sublicense Agreement 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.
- h) 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 later of, on a country-by-country basis, the end of the term of the last-to-expire of Patent Rights in such country or ten (10) years after the First Commercial Sale of a

Licensed Product or Licensed Method ("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

In consideration of rights granted to Licensee, Licensee will pay Licensor the following fees and royalties. All fees and royalties are not refundable and are not creditable against other fees and royalties, unless otherwise stated herein. Each payment will reference the Agreement number and will be sent to Licensor's payment and accounting contact in Article 21 (Notices).

4.1 License Issue Fee

Licensee shall pay to Licensor a non-refundable license issue fee of _____ (\$ _____) 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

By each Payment Deadline, Licensee shall pay to Licensor non-refundable and non-creditable earned royalties as set forth below:

____ percent (____ %) of Net Sales made by Licensee, its Affiliates, its Sublicensees or any other third party authorized by Licensee to sell Licensed Products or Licensed Methods defined in (a) of the definition of Licensed Products or Licensed Methods;

and

____ percent (____ %) of Net Sales made by Licensee, its Affiliates, its Sublicensees or any other third party authorized by Licensee to sell Licensed Products or Licensed Methods defined in (b) of the definition of Licensed Products or Licensed Methods;

(collectively the "**Royalties**"). For clarity, if more than one royalty rate applies to a given Net Sale, only one rate will be used to calculate Royalties and that rate will be the higher of the applicable rates. Earned royalties shall accrue from the First Commercial Sale of a Licensed Product or Licensed Method in the Field of Use in each country for the duration of the Term.

4.4 Minimum Royalty

Commencing with the first full calendar year following the date of First Commercial Sale, if royalties paid to Licensor pursuant to Section 8.1 do not reach the minimum annual royalty amounts set forth below, Licensee shall pay to Licensor on or before the Payment Deadline for the end of the relevant calendar year an additional amount equal to the difference between the stated minimum royalty amount and the actual royalties paid to Licensor:

YEAR 1 \$ _____;

YEAR 2 \$ _____;

YEAR 3 \$ _____;

YEAR 4 \$ _____; and

YEAR 5 and each subsequent year \$ _____.

Licensee shall continue to pay such minimum annual royalty until the end of the term of the last to expire of Patent Rights. For clarity, royalties paid to Licensor throughout the relevant calendar year shall be credited to the minimum annual royalty owed for that calendar year. Licensee shall pay the full amount of royalties owed pursuant to Section 4.4 for the relevant calendar year.

4.5 Milestone Payments

Licensee shall pay to Licensor Milestone Payments in the amount provided below no later than thirty (30) business days after the occurrence of the corresponding Milestone Event (based on due dates for Milestone Events set forth in Section 5.1). 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]	\$ _____
[insert event description]	\$ _____
[insert event description]	\$ _____
[insert event description]	\$ _____
First Commercial Sale	\$ _____

4.6 Sublicense Fees and Royalties

Licensee shall pay to Licensor _____ percent (X%) 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 Sublicense Income 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.

4.7 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 _____, 20____, these expenses are estimated at _____(\$_____), 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

Licensee represents and warrants that it has or will acquire the necessary expertise and the necessary resources to develop and commercialize Licensed Products in the Field of Use within the Territory. 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) [Milestone 1 to be achieved on or before _____];
- b) [Milestone 2 to be achieved on or before _____];
- c) [Milestone 3 to be achieved on or before _____];
- d) [Milestone 4 to be achieved on or before _____];
- e) First Commercial Sale shall occur by _____, 20__;
- f) 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 \$ _____;

YEAR 2 \$ _____;

YEAR 3 \$ _____; and

ARTICLE 6. EQUITY OWNERSHIP (if applicable)

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 _____ (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 _____% of the aggregate of all classes of Licensee’s shares, held to a value of _____ million dollars, including all other securities of Licensee that may be converted into equity shares of Licensee calculated on a Fully Diluted Basis. Exhibit D 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 _____ percent ([insert amount] %) of total Licensee shares until such time as Licensee 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 Licensors [] 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 Licensors, 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 Licensors's or its Designee's participation rights under this section have been assigned either by Licensors or its Designee, or (b) any entity that is controlled by Licensors.

ALTERNATIVE ARTICLE 6. SUCCESS FEE (if applicable)

6.1 Success Fee

As partial consideration for the exclusive license granted hereunder the Licensee will, upon a Liquidity Event or Initial Public Offering, whichever occurs first, pay to Licensors a one-time amount equal to one percent (1.0%) of the value of such Liquidity Event or Initial Public Offering ("Success Fee"). The Success Fee shall be applied to the Aggregate Consideration (and Trailing Consideration, if any) for a Liquidity Event or Pre-Money Valuation for an Initial Public Offering. Payment of this Success Fee shall be made no later than sixty (60) days from the closing date of such Liquidity Event or Initial Public Offering, except for Trailing Consideration which shall be payable within thirty (30) days after the actual receipt of such Trailing Consideration by Licensee or its security holders.

6.2 Definitions

"Liquidity Event" shall be defined as (i) a sale by one or more stockholders of substantially all the voting stock or membership interests in the Licensee ("Stock Sale"), (ii) a merger or acquisition of the Licensee as a whole ("Merger") for cash consideration, or if consideration is given to Licensee in a manner other than cash, the Parties shall discuss in good faith how to account for Licensors's portion of such consideration, or (iii) the sale of all or substantially all of the assets of Licensee (or that portion of its assets related to the Licensed Product) ("Asset Sale"). A Liquidity Event shall not include a bona fide financing transaction in which voting control of the Licensee transfers to one or more persons or entities who acquire shares of Licensee capital stock from Licensee in exchange for either an investment in Licensee or the cancellation of indebtedness owed by Licensee, or a combination thereof.

"Initial Public Offering" means the effectiveness of a registration statement for the first sale of Licensee's common stock in a public offering registered under the Securities Act of 1933, as amended.

"Aggregate Consideration" means the amount equal to: (a) in the case of an Asset Sale, the sum of all cash and the Fair Market Value of all securities or other property transferred to Licensee at the time of the transaction, less all current and long-term liabilities (but not contingent liabilities) of Licensee that are not discharged or assumed by the buyer (or its affiliates) in connection with the Asset Sale, and all cash and the Fair Market Value of all securities and other property for Trailing Consideration payable to Licensee, when and if actually paid; or (b) in the case of a Merger or Stock Sale, the sum of (i) all cash and the Fair Market Value of all securities and other property transferred to the stockholders of the Licensee (and any option holders or warrant holders) in return for their stock (or options or warrants) in the Licensee at the time of the transaction, and (ii) all cash and the Fair Market Value of all securities and other property transferred to the stockholders of the Licensee (and any option holders or warrant holders) for Trailing Consideration payable to the holders of Licensee's securities, when and if actually paid.

"Pre-Money Valuation" means the amount equal to the product of (a) the price per share of common stock sold in the Initial Public Offering and (b) the total number of outstanding shares of common stock of Licensee immediately prior to the closing of

the Initial Public Offering, determined on a fully diluted, as converted into common stock basis, giving effect to any stock split, stock dividend, stock combination, recapitalization or similar action impacting Licensee's capitalization that occurs, or is deemed to occur, upon consummation of the Initial Public Offering.

"Trailing Consideration" means any payments due for any deferred or contingent consideration payable to Licensee or its security holders including, without limitation, any post-closing milestone payment, escrow or holdback of consideration.

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 the First Commercial Sale occurs (i.e., by January 30 of the following calendar year), and by each Payment Deadline 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.
- k) 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 “B” 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 Diligence Milestones specified in Article 5 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 “C” 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 (90th) 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 Commercial Sale 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, as stated in Article 8.1 hereof. Each payment will reference KUCTC Technology ID #_____. 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 the full cost of such inspection or audit, in addition to the full amount of the discrepancy owed plus an additional two and a half percent (2.5%) of the discrepancy owed.

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 all past documented, out-of-pocket costs and expenses (including but not limited to attorney's fees, government, and patent office fees) incurred by Licensor for filing, prosecuting, defending, enforcing, and maintaining the Patent Rights and related patent searches through the Effective Date of the Agreement, including those identified in Section 4.8 hereof including without limitation, any taxes on such Patent Rights, and all such future expenses incurred by Licensor, for so long as and in such countries as the Agreement remains in effect. Licensee will pay all patent expenses, including past patent expenses that have not been invoiced as of the date indicated in Section 4.8 hereof, within thirty (30) days after Licensee's receipt of an invoice. At the election of Licensor, Licensee will either pay prosecution counsel directly for patent expenses or will reimburse Licensor for such patent expenses. Notwithstanding the foregoing, Licensor may require Licensee to pre-pay costs and expenses predicted for certain Patent Rights upon written request, including for nationalization or validation of the Patent Rights. Without limitation, failure to strictly comply with Sections 4.8 or 11.1 (whether owed directly to prosecution counsel or to Licensor) shall be considered a payment default under Section 12.1(b).

11.2 Patent Counsel

The filing, prosecution and maintenance of the Patent Rights shall be the primary responsibility of Licensor in cooperation with Licensee.

- a) **Cooperation.** Licensee will work closely with Licensor and patent counsel to develop a reasonable strategy for the filing, prosecution, and maintenance of all Patents Rights. Licensor shall provide or cause patent counsel to provide Licensee with copies of all filings and official correspondence pertaining to such filing, prosecution and maintenance of the Patent Rights so as to give Licensee an opportunity to comment, provide input, and advise Licensor in such filing, prosecution and maintenance.
- b) **Additional Filings.** Licensee shall notify Licensor in writing of the countries in which Licensee wishes additional patent application(s) to be filed, including but not limited to national phase filings and regional registrations. Licensor shall, at Licensee's expense, file such additional patent applications. Licensor may, at its own expense, file patent applications in any country in which Licensee elects not to file and such applications will not be subject to any license granted to Licensee hereunder.
- c) **Reimbursement.** If Licensee should fail to timely make reimbursement after receipt of an invoice for patent expenses relating to any Patent Rights, Licensor, in addition to any other remedies under the Agreement, shall have no further obligation to prosecute or maintain such Patent Rights. Licensee, upon ninety (90) days written notice, may advise Licensor that it no longer wishes to pay expenses for prosecution and maintenance of one or more patents or application included in the Patent Rights. After the ninety (90) day period, such patents or patent applications shall cease to be subject to any license granted to Licensee hereunder. Licensor may, at its sole option, elect to pay such expenses or otherwise dispose of such patents or patent applications without further obligation to Licensee.
- d) **Extensions.** Licensee, at its expense, may request that Licensor have the normal term of any of the Patent Rights extended or restored under any country's procedure for extending patent term. In the event that Licensee does not elect to extend a patent or application included in the Patent Rights, Licensor may, at its own expense,

effect such extension and, if Licensor elects to pay such expenses, such extended patent and its rights will not be subject to any license granted hereunder subsequent to its non-extended expiration date.

- 11.3 If Licensor agrees to allow Licensee to select prosecution counsel, Licensor must consent, in writing, to such selected prosecution counsel, which consent shall not be unreasonably withheld. Furthermore, i) Licensor will maintain final authority in all decisions regarding the prosecution and maintenance of the Patent Rights; ii) Licensor may revoke this authorization to instruct prosecution counsel directly at any time, and iii) the prosecution counsel remains counsel to the Licensor with an appropriate contract (and shall not jointly represent Licensee unless requested by Licensee and approved by Licensor, and an appropriate engagement letter and conflict waiver are in effect). All decisions for prosecuting the patent applications, whether by Licensor, Licensee, or prosecution counsel, will be made so as to obtain as broad of patent protection as is reasonable and practical under the circumstances. Licensee will request that Licensor be cc'd on all communications between prosecution counsel and Licensee and that copies of all documents prepared by the prosecution counsel selected by Licensee be provided to Licensor for review and comment prior to filing to the extent practicable under the circumstances. Neither Licensee nor the selected prosecution counsel will change any inventorship designations or drop or reduce or narrow any claim in a pending patent application in a way that will adversely affect the Patent Rights or royalties of Licensor. Licensor reserves in its sole discretion the ability to change prosecution counsel and to approve or disapprove any requested changes by Licensee. The Parties agree that they share a common legal interest to obtain valid enforceable patent(s) and that Licensee will maintain as privileged all information received pursuant to this Agreement. Nothing in this Section 11.3 shall affect Licensee's obligations to pay patent expenses pursuant to Section 11.1 hereof.

11.4 Ownership

All patent applications and patents will be in the name of Licensor (and any co-owner identified herein) and owned by Licensor (and such co-owner, if any). No payments due under the Agreement will be reduced as the result of co-ownership interests in the Patent Rights by Licensee or any other party.

ARTICLE 12. TERMINATION BY LICENSOR

- 12.1 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 _____ 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.
- 12.3 If Licensee shall (a) cease development of Licensed Products or Licensed Methods; (b) cease the sale of Licensed Products or Licensed Methods; or (c) 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.

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 _____ 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 Licensors under this Agreement through the effective date of such termination.

- 13.2 This Agreement shall automatically terminate if the Licensee, or its Affiliate, 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 Licensors hereunder prior to the time such termination becomes effective. Such termination shall not affect in any manner any rights of Licensors arising under this Agreement prior to the date of such termination.

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 Licensors's discretion all tangible materials provided by Licensors 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 Licensors 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 Licensors thereon in the manner specified herein.
 - d) If at the time of expiration or termination, Licensee has not yet achieved First Commercial Sale, then upon Licensors's request, Licensee shall provide copies of Development Information to Licensors. For the purposes of this section, "Development Information" shall mean any developmental, technical or clinical data or information relating to a Licensed Product or Licensed Method generated by Licensee, its Affiliates or its Sublicensee prior to expiration or termination. Licensors shall have a right to non-exclusively license the Development Information to a third-party, provided, such license is in concert with a relicensing of its Patent Rights for commercial development.
- 14.2 No termination of this Agreement 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 Licensors. Licensee shall pay all attorneys' fees and costs incurred by Licensors in enforcing any obligation of Licensee or accrued right of Licensors. 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 15. REPRESENTATIONS & WARRANTIES

- 15.1 Licensors 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 PUNATIVE**

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 Article 16 hereof; and
 - d) 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 Patent Rights, that party shall give prompt written notice of such claim to the other party. During the Term, Licensee at its expense shall enforce the Patent Rights against such infringer and may defend any declaratory judgment action brought against it alleging the invalidity of the Patent Rights. Licensee agrees to defend Licensor against any counterclaim against Licensor in such action. Licensor shall reasonably cooperate with Licensee in such effort, at Licensee's expense. Licensee shall reimburse Licensor for any costs incurred, including reasonable attorneys' fees, as part of any action brought by Licensee. If it is necessary to name Licensor as a party in such action, then Licensee must first obtain Licensor's prior written permission, which permission shall not be unreasonably withheld, provided that Licensor shall have reasonable prior input on choice of counsel on any matter where such counsel represents Licensor, and Licensee and such counsel agree to follow all required procedures regarding retention of outside counsel for state entities.
- 16.2 Licensee shall not enter into any settlement agreement, voluntary dismissal, consent judgment or other voluntary final disposition in any action regarding the Patent Rights without the express written consent of Licensor. Any amounts received for punitive or exemplary damages shall be shared equally between Licensor and Licensee and any other amounts received, including compensatory damages or damages based on a loss of revenues which exceed the out-of-pocket costs and expenses incurred by Licensee, shall be deemed to be the proceeds of Sales of Licensed Products or Licensed Methods in the fiscal quarter received and subject to the royalty rate set forth in Section 4.3.
- 16.3 If Licensee fails, within one hundred twenty (120) days after receiving notice of a potential infringement, to institute an action against such infringer or notifies Licensor that it does not plan to institute such action, then Licensor shall have the right to do so at its own expense. Licensee shall cooperate with Licensor in such effort including being joined as a party to such action if necessary. Licensor shall be entitled to retain all damages or costs awarded in such action. Should either Licensor or Licensee be a party to a suit under the provisions of this Article 16 and thereafter elect to abandon

such suit, the abandoning party shall give timely notice to the other party who may, at its discretion, continue prosecution of such suit.

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 ten (10) 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 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 first-class mail 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. Licensors 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 Licensors 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 Licensors if it desires to request any such waiver, which request Licensors 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 Licensors 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 Licensors, use the name or any trademark or trade name owned by Licensors, 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 Licensors

Licensors may use Licensee's name in connection with Licensors's publicity related to Licensors'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 501(c)(3) corporation; Licensee represents and warrants that it will refrain from engaging or participating in activities that would jeopardize Licensor's 501(c)(3) status, including, but not limited to, making political contributions or engaging in substantial lobbying of legislators for or on behalf of Licensor or Licensor's 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”

[COMPANY NAME]

By _____
(Signature)

Name _____
(Please Print)

Title _____

Date _____

“Licensor”

KU CENTER FOR TECHNOLOGY
COMMERCIALIZATION, INC

By _____
(Signature)

Name: _____

Title:

Date _____

EXAMPLE

EXHIBIT “A”
PATENT RIGHTS

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

EXAMPLE

EXHIBIT "B"

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)									
#									
TOTAL:				\$	\$	\$		\$	\$

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 “C”

[ANNUAL/BI-ANNUAL/QUARTERLY] 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							
					Net Sales Forecast		
Country	Licensee’s Licensed Product and Tradename	Sublicensee’s Licensed Product and Tradename	Royalty Rate	Current Period Net Sales	Year 1 after current Period	Year 2 after current Period	Year 3 after current Period
<i>eg: US</i>	<i>Product #1</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
eg: A	XYZ	ABC	Available	\$500,000	SKY	SOL

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 “D”

CAPITALIZATION TABLE (if applicable)

EXAMPLE

EXHIBIT “E”
COMMERCIALIZATION PLAN

EXAMPLE