

EXCLUSIVE LICENSE AGREEMENT

**Regents of the University of Minnesota**

**and**

**[Insert Name of Licensee]**

TECHNOLOGY COMMERCIALIZATION

200 Oak Street, SE | Suite 280 | Minneapolis, MN 55455

**EXCLUSIVE LICENSE AGREEMENT**

**THIS EXCLUSIVE LICENSE AGREEMENT** (this “Agreement”) is made as of the Effective Date by and between Regents of the University of Minnesota, a constitutional corporation under the laws of the state of Minnesota, having a place of business at 200 Oak Street, SE, Suite 280, Minneapolis, Minnesota 55455 (the “University”), and the Licensee identified below.

The Agreement consists of the **Business Terms**, **General Terms** and any attached and referenced exhibits or schedules.

**BUSINESS TERMS**

|  |  |  |  |
| --- | --- | --- | --- |
| **1** | **LICENSEE** | | Insert Name of Licensee |
| **2** | **TERRITORY** | | Any country or territory in which a Licensed Patent has been issued and is unexpired or in which an application of the Licensed Patents is pending. |
| **3** | **FIELD OF USE** | | Insert field(s) of use |
| **4** | **TERM** | | From the Effective Date until the date on which no Licensed Patent is pending or valid and unexpired anywhere in the Territory, taking into account any form of patent term extension, market exclusivity period, or other grant of any extension or exclusivity relating to the Licensed Patents. |
| **5** | **LICENSED INTELLECTUAL PROPERTY** | | |
| **5.1** | **LICENSED PATENTS** | |  |  |  |  |  | | --- | --- | --- | --- | --- | | Patent No. | University Case No. | Country | Issue Date | Title | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | | |
|  |  | |  |  |  |  |  | | --- | --- | --- | --- | --- | | Patent Application No. | University Case No. | Country | Application Date | Title | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | | |
| **5.2** | **TECHNICAL INFORMATION** | ☐ None ☐ Yes. Description is attached as Exhibit  A | |
| **6** | **FEDERAL GOVERNMENT RIGHTS** | | ☐ Yes  ☐ No |
| **7** | **PATENT RELATED EXPENSES**  **Include all that apply** | | Licensee shall reimburse University **only** for Patent Related Expenses incurred by University **before** the Effective Date, which are $xxx.  Licensee shall reimburse University for Patent Related Expenses incurred by University **both before and after** the Effective Date. Patent Related Expenses incurred prior to the Effective Date are $XXX;  Licensee shall reimburse University for Patent Related Expenses incurred by University **only after** the Effective Date.  Licensee is **not responsible** for reimbursing University for Patent Related Expenses.  **Past Patent Related Expenses are Less Than $25,000.** Within 12 months of the Effective Date, Licensee shall reimburse University for all Patent Related Expenses incurred by University before the Effective Date, with interest on this amount to accrue at 6% after 30 days from the Effective Date.  **Past Patent Related Expenses are $25,000 or Greater.** Within 12 months of the Effective Date, Licensee shall reimburse University for at least $25,000 of all Patent Related Expenses incurred by University before the Effective Date, with the balance due within 24 months of the Effective Date. Interest in the amount of 6% will accrue on the outstanding balance of Patent Related Expenses after 30 days from the Effective Date.  **All Ongoing Patent Related Expenses, US Patents, and the international phase of the PCT process.** Licensee shall reimburse University for Patent Related Expenses for US Patent applications, US patents and the international phase of the PCT process within 30 days from receipt of invoice.  **All Ongoing Patent Related Expenses Foreign.** Additionally, and without limiting Licensee’s reimbursement obligations in the previous sentence, Licensee shall pre-pay the following Patent Related Expenses with respect to international filings:   1. All out-of-pocket expenses for foreign national or regional applications including the examination fee 2. All out-of-pocket expenses for EP validation and registration 3. Exceptional expenses   Insert other payment option if applicable |
| **8** | **SUBLICENSE RIGHTS** | | Yes  No |
| **9** | **PERFORMANCE MILESTONES** | | Licensee shall perform the following milestones:  (a) By      , Licensee will      ;  (b) By      , Licensee will      ;  (c) By      , Licensee will      .  Not applicable/None |
| **10** | **PAYMENTS** | | |
| **10.1** | **UPFRONT PAYMENT** | | Licensee shall pay to University $      as a non-refundable, non-creditable upfront fee, within thirty (30) days after the Effective Date. |
| **10.2** | **LICENSE MAINTENANCE FEE** | | Beginning       and each       thereafter in which Licensee does not sell Licensed Product, Licensee will pay to University a yearly maintenance fee of $      on or before the       day of each such. |
| **10.3** | **RUNNING ROYALTIES ON NET SALES** | | Licensee shall pay to University royalties equal to      % of Net Sales, whether the sales are made by or on behalf of Licensee or a Sublicensee, or their Affiliates. Royalties are payable on a bi-annual basis, with amounts accruing during a given calendar half to be paid to University at the time reports are due under Section 4.5 of the General Terms. Royalties will accrue by the earliest of: (a) the date the Licensed Product is sold, leased, subscribed, provided, performed, or transferred for consideration; (b) an invoice is issued for the Licensed Product; or (c) the Product is transferred or performed for a Third Party without charge or nominal consideration. |
| **10.4** | **ANNUAL MINIMUM AMOUNT OF RUNNING ROYALTIES** | | Beginning in the calendar year in which Licensee first sells Licensed Product and for each year thereafter during the Term, Licensee shall pay to University (by January 30 of the following calendar year) a minimum royalty of $     . The annual minimum royalty is creditable against royalties owed for such year but is not otherwise available for carryforward or carryback against royalties for other years or for other payments due under this Agreement. |
| **10.5** | **SUBLICENSE CONSIDERATION** | | Licensee shall pay to University      % of all Non-Royalty Consideration it receives from a Sublicensee within 30 days of its receipt of such payments.  Licensee shall not receive from its Sublicensees anything of value for granting rights under the rights licensed hereunder in lieu of cash payments for Non-Royalty Sublicense Consideration without the prior written consent of University. |
| **10.6** | **DOCUMENT FEE** | | Unless waived prior to the Effective Date, Licensee shall pay to University ten thousand dollars ($10,000), as a document fee, within thirty (30) days after the Effective Date. |
| **10.7** | **TRANSFER FEE** | | Within fourteen (14) days after the closing of a Transfer or Change of Control, Licensee shall pay to University, as a Transfer Fee, $     . |
| **10.8** | **MILESTONE PAYMENTS** | | Licensee shall pay to University the following amounts upon the achievement (whether by Licensee or a Sublicensee) of the corresponding milestone for each Licensed Product that achieves the milestone:  (a) Upon      , Licensee shall pay to University $      ;    (b) Upon      , Licensee shall pay to University $      ; and  (c) Upon      , Licensee shall pay to University $      .  Not applicable/none required. |
| **10.9** | **AMENDMENT FEE** | | Unless waived by University in writing, Licensee shall pay to University, as an amendment fee, five thousand dollars ($5,000) in connection with each Licensee-requested amendment to this Agreement. |
| **10.10** | **EARLY TERMINATION FEE** | | Unless waived by University in writing, Licensee shall pay to University a fee of $      in the event if terminates the Agreement early under Section 10.4(b) of the General Terms. |
| **10.11** | **TRANSFER OF EQUITY AS CONSIDERATION & OBSERVER RIGHTS**  **(Delete Section if not applicable)** | | In consideration for the rights granted in this Agreement, Licensee shall:   1. issue to University      % of its Fully Diluted Shares, 2. grant preemptive rights reasonably acceptable to the University. 3. grant board observer rights reasonably acceptable to the University.   A “Fully Diluted Share” is a fully paid-up and non-assessable, voting equity security issued by Licensee.   The number of “Fully Diluted Shares” to be issued in consideration of the License Agreement is calculated as of the effective date of the License Agreement as follows:   1. the total number of issued and 2. outstanding Licensee voting equity securities, 3. the total number of such securities that may be issued through the conversion of outstanding convertible securities or the exercise of outstanding options and warrants, plus 4. the maximum number of such shares that have been reserved for issuance through an unallocated option pool (e.g., shares reserved for issuance to Licensee’s directors, employees, or service providers). |
| **11** | **LICENSEE’S ADDRESS FOR NOTICE** | | Contact: Insert name of contact  Address: Insert Name of Licensee  Insert Address Line 1  Insert address Line 2  Insert city, state, and zip code  Phone  Email: |
| **12** | **LICENSEE’S CONTACT FOR PATENT PROSECUTION CONSULTATION** | | Contact: Insert name of contact  Address: Insert Name of Licensee  Insert Address Line 1  Insert address Line 2  Insert city, state, and zip code  Phone  Email: |
| **13** | **LICENSEE’S CONTACT FOR BILLING AND FINANCE** | | Contact: Insert name of contact  Address: Insert Name of Licensee  Insert Address Line 1  Insert address Line 2  Insert city, state, and zip code  Phone  Email: |
| **14** | **DEADLINE FOR EXECUTION BY LICENSEE** | | If University executes this Agreement first and Licensee fails to execute and return it to University within 30 days of the date of University’s signature below, then the Agreement is null and void. |

|  |  |
| --- | --- |
| **THE PARTIES HEREBY EXECUTE THIS AGREEMENT** | |
| **Regents of the University of Minnesota** | **Insert name of Full Legal Licensee here** |
|  |  |
| **By:** | **By:** |
| **Insert name of signatory**  Its: **Insert title of signatory**  Technology Commercialization | **Insert name of signatory**  Its: **Insert title of signatory** |
| **Date:** | **Date:** |
| The signatory warrants that they are authorized to execute this agreement on behalf of the Regents of the University of Minnesota. | The signatory warrants that they are authorized to execute this agreement on behalf of Licensee |

**GENERAL TERMS**

# DEFINITIONS AND INTERPRETATION

## Definitions

In this Agreement:

“**Affiliate**” means an entity that controls, is controlled by, or is under common control with Licensee or a Sublicensee, as the case may be. For purposes of this definition only, “control” means (a) ownership, directly or indirectly, of fifty percent (50%) or more of the outstanding voting securities of the controlled entity, or (b) possession of the right, power or authority, directly or indirectly, to direct or cause the direction of the policy decisions of the controlled entity, whether by ownership of securities, by representation on the controlled entity’s governing body, by contract, or otherwise.

“**Change of Control**” means (a) the acquisition by a person or group of beneficial ownership of the capital stock of Licensee if after the acquisition the person or group beneficially owns 30% or more of either (i) the total number of the then outstanding shares of common stock of Licensee or (ii) the total number of the then outstanding shares of voting securities of Licensee; (b) a change in the composition of Licensee’s board of directors such that less than a majority of individuals who serve as such directors as of the Effective Date or who were nominated for election to the board of directors by at least three quarters of directors in office as of the Effective Date or whose nomination and election to the board of directors was similarly approved, are serving on Licensee’s board of directors; or (c) irrespective of whether Licensee is a surviving entity, the consummation of a merger, consolidation, reorganization involving Licensee or other exchange of shares of Licensee in one or a series of related transactions.

“**Early Termination**” means the termination of this Agreement permitted under Section 10.4 (b) of the General Terms.

“**Effective Date**” means the date of the last signature on this Agreement.

**“Enforcement Litigation”** means any litigation involving the enforcement of Licensed Intellectual Property within the Field of Use in the Territory.

“**Field of Use**” means the field(s) of use described in Section 3 of the Business Terms.

“**Licensed** **Patents**” means (a) all patents and patent applications identified in Section 5.1 of the Business Terms; (b) all divisionals, continuations, continuations-in-part (but only to the extent the claims are supported by the specification of a patent or patent application in Section 5.1 of the Business Terms as of the Effective Date), foreign counterparts, and any other patent applications claiming priority to the patents and patent applications identified in Section 5.1 of the Business Terms; (c) all patents issuing thereon; and (d) all reissues, reexaminations, reviews, nationalizations, validations, registrations, and extensions of any of the foregoing.

“**Licensed Product**” means a product or service in the Field of Use: (a) the making, using, importing, selling, offer for sale, marketing, or providing of which, absent this license, infringes (directly or indirectly) or is otherwise covered by a claim of a Licensed Patent; or (b) which is made with, uses, was derived from, identified or validated by, incorporates, or was developed in whole or in part using any Licensed Technical Information.

“**Licensed Intellectual Property**” means the intellectual property identified in Section 5 of the Business Terms, including the Licensed Patents and Licensed Technical Information.

**“Licensed Technical Information”** means the information identified in Section 5.2 of the Business Terms.

“**Licensee**” means the entity identified in Section 1 of the Business Terms.

“**Net Sales**” means all gross revenues derived by Licensee or Sublicensees, their distributors or designees from the sale, transfer or other disposition of Licensed Product to an end user in the Territory, less the following items, but only insofar as these items are commercially reasonable under the circumstances, documented in writing, pertain specifically to the sale of the Licensed Product, are appropriately accounted for under generally accepted accounting principles as consistently applied in the United States, and were not given in exchange for anything else of value (such as investments, loans, data, reciprocal discounts or credits, in-kind consideration, or commitments to purchase other products or services): (a) all quantity, prepayment and cash discounts actually allowed; (b) all credits and allowances actually granted due to rejections, returns, billing errors, and retroactive price reductions; (c) applicable duties; and (d) applicable excise, sale and use taxes.

“**New Issue**” means the securities described in Section 10.11 of the Business Terms.

“**Non-royalty Consideration**” means any consideration received by Licensee from a Sublicensee other than Royalty Consideration.

“**Patent-Related Expenses**” means all costs and expenses (including out-of-pocket attorneys’ fees, vendor charges, patent agent fees and governmental fees) that University incurs in preparing, filing, prosecuting, nationalizing, validating, registering, defending, and maintaining the Licensed Patents.

“**Performance Milestone**” means an act or event described in Section 9 of the Business Terms.

“**Royalty Consideration**” means any royalty payment received by Licensee from a Sublicensee based on the Sublicensee’s sales of Licensed Products.

“**Sublicense**” when used as a noun, means any agreement between Licensee and a Third Party that contains a grant to University’s Licensed Intellectual Property regardless of the name given to the agreement by the parties; when used as a verb, means Licensee’s act of entering into any agreement with a Third Party that contains a grant to University’s Licensed Intellectual Property, regardless of the name given to the agreement by the parties.

“**Sublicensee**” means the Third Party in a Sublicense.

“**Territory**” means the geographical area described in Section 2 of the Business Terms.

“**Third Party”** means any party other than Licensee or its Affiliates.

**“Transfer”** means the assignment or sale (e.g., as part of an asset sale) of this License to a Third Party other than in connection with a Change of Control.

“**University Indemnitees**” means University, its regents, officers, employees, students, agents, faculty, representatives, volunteers, and, if applicable, other institutions with whom University has entered into an inter-institutional agreement covering the Licensed Patents, as well as the inventors and creators of the Licensed Intellectual Property.

**“Year”** means a calendar year during the term of this Agreement.

## Rules of Interpretation and Convention

In this Agreement, unless the context requires otherwise:

1. headings are for convenience only and do not affect interpretation;
2. the singular includes the plural and conversely;
3. a reference to any statute, rule, regulation or policy includes any amendment, and any statute, rule, regulation or policy replacing it;
4. all computations and payments made under this Agreement shall be in United States dollars. To determine the U.S. dollar value of transactions conducted in non-United States currencies on any particular day, the parties shall use the exchange rate for that currency as reported in the Wall Street Journal in the most recently published edition prior to the date of the transaction; and
5. all notices, reports, and other documents and instruments that a party elects or is required to deliver to the other party must be in English.

# LICENSE

## Grant of License

### Subject to the terms and conditions of this Agreement, University grants to Licensee solely within the Field of Use an exclusive license under University’s rights in the Licensed Patents to make, use, sell, offer for sale, and import Licensed Products in the Territory;

### a non-exclusive license under University’s interest in the Licensed Technical Information to use in conjunction with its exercise of rights under 2.1 (a);

### Except as provided in this section, no other rights or licenses, express or implied, are granted to Licensee.

## Retained Rights

Notwithstanding any provision of this Agreement, University retains on behalf of itself and all other non-profit or academic institutions and government agencies, the right to practice the Licensed Intellectual Property for research (however funded, including government-funded and privately-sponsored research), academic, non-profit, and education purposes.

# SUBLICENSING

## Sublicense Requirements

Licensee may grant written, non-exclusive Sublicenses without University’s prior consent, and written exclusive Sublicenses with University’s consent, to its Affiliates and Third Parties provided that:

1. all such Sublicenses are subject to this Agreement, contain provisions consistent with the terms and conditions of this Agreement (including, without limitation, terms requiring Sublicensees to permit audits in accordance with Section 4.9 of the General Terms and to indemnify University Indemnitees in accordance with Section 11.1 of the General Terms), do not allow for further sublicensing, and will terminate upon termination of this Agreement;
2. No Sublicense will relieve Licensee of its obligations hereunder, and Licensee will be responsible for the conduct of its Sublicensees and their compliance with the terms of the Sublicense; any act or omission of a Sublicensee which would be a breach of this Agreement if performed by Licensee shall be deemed a breach hereof.

## Copy of Sublicenses and Sublicense Royalty Reports

Licensee shall submit to University within 60 days of execution thereof, an unredacted copy of each Sublicense and any subsequent amendments thereof, as well as contact information for the Sublicensees and accurate information regarding each Sublicensee’s size, business, and number of employees. Thereafter, Licensee will promptly provide copies of all royalty reports from Sublicensees and will include information regarding its Sublicensees’ activities in reporting under Section 7.3 of the General Terms.

# PAYMENT, RECORDS, AND AUDIT

## Licensee’s Payment Obligation

Licensee shall pay all amounts under Sections 7 and 10 of the Business Terms by the dates indicated therein. Licensee shall pay such amounts in U.S. Dollars by wire transfer, check (payable to the “Regents of the University of Minnesota” and sent to: Regents of the University of Minnesota, NW 5960, PO Box 1450, Minneapolis, MN 55485-5960; reference agreement number on check), or any other method of payment specified by University.

## Licensee Responsible for Fees and Non-U.S. Taxes

Licensee shall be responsible for all fees and costs (e.g., bank transfer fees) associated with making payments to University, and will pay all non-U.S. taxes related to payments made to University under this Agreement. University is a tax-exempt organization; therefore all amounts payable to University will be made without deduction or withholding for any taxes which would otherwise be required. Upon request, University will provide US Form 6166 from US Department of Treasury asserting tax exempt status. If, despite tax exempt status, any taxes, assessments, withholdings, or other governmental charges are still required, such charges will be assumed and paid by Licensee without reduction of the amount due to University.

## Interest

All amounts due under this Agreement will bear compound interest at 6% per annum, or the maximum rate of interest allowable under applicable law, on the entire unpaid balance computed from the due date until the amount is paid.

## Security for Reimbursement of Patent-Related Expenses

University reserves the right to require Licensee to provide and maintain a reasonable advance deposit with or other form of security to ensure payment of Patent-Related Expenses. With respect to foreign application filings of the Licensed Patents, University may require advance deposit of reasonable amounts, which shall be credited toward the Patent-Related Expenses which may be due for such filing, Licensee agrees to pay any such required deposits within thirty (30) days of the date of invoice thereof, and University will have the right to refrain from proceeding with respect to an applicable foreign filing until receipt of payment of the deposit.

## Royalty Payments/Sales Reports

Within sixty (60) days after the last day of the second and fourth calendar quarters beginning in the calendar year in which Licensee first sells a Licensed Product, Licensee shall provide to University a written report in a form acceptable to University (even if there are no sales) containing a computation of royalties due on a country by country and Licensed Product by Licensed Product basis (including an accounting of deductions taken) during the preceding two calendar quarters, together with the earned royalty payment due under Section 10.4 of the Business Terms for such quarters.

## No Refund

All amounts paid to University (and, if applicable, all equity issued to University under Section 10.1 of the Business Terms) are non-refundable.

## Termination Report

Licensee shall pay to University all amounts due under this Agreement and submit to University a written report to include contact information for Sublicensees within 90 days after the Agreement terminates. Licensee will continue to submit royalty payments and reports after this Agreement terminates, until all Licensed Products made or imported under the Agreement have been sold.

## Recordkeeping and Accounting

Licensee shall maintain (and shall cause each Sublicensee to maintain) records sufficient to verify their compliance with the terms of this Agreement, including records showing manufacture, importation, sale, use, and provision of a Licensed Product, for 5 years from the date of sale of the applicable Licensed Product. Records will include information in sufficient detail to enable University or its representative to determine the royalties owed under this Agreement. Upon request by University, Licensee shall deliver to University or its representative, copies of all documents and materials (including electronic records) reasonably relevant to Licensee’s and Sublicensee’s performance of this Agreement, including, without limitation, copies of all Sublicenses.

## Audit

Licensee shall allow (and shall cause each Sublicensee to allow) University or its designee to examine Licensee’s records to verify compliance with the terms of this Agreement. In connection with such audit, Licensee shall provide (and shall cause each Sublicensee to provide) reasonable and efficient access (at a single location, or via remote/electronic means at University’s request) at no cost to conduct the audit.

## Paying for Audit

University will pay for any audit done under Section 4.9 of the General Terms. But if the audit reveals an underreporting of royalties due University of 5% or more for the period being audited, Licensee shall pay the audit costs.

## Royalty if Licensee Challenges the Licensed Patent

If Licensee brings an action seeking to invalidate a Licensed Patent, Licensee will pay royalties to University at the rate of two times the royalty rate specified in Section 10.3 of the Business Terms during the pendency of such action. Moreover, should the outcome of such action determine that any claim of a patent challenged by Licensee is valid, Licensee will pay royalties at the rate of three times the royalty rate specified in Section 10.3 of the Business Terms.

# GOVERNMENT RIGHTS AND REGULATIONS

## Bayh-Dole Requirements

***[Applicable only if Section 6 of the Business Terms is checked, “Yes.”]***

This Agreement is subject to Title 35, Sections 200-204 of the United States Code. Among other things, these provisions provide the United States Government with nonexclusive rights in the Licensed Patent; the licenses granted herein and all Sublicenses that may be granted are subject to such rights. These provisions also impose the obligation that any Licensed Products sold or used in the United States be “manufactured substantially in the United States.” Licensee shall ensure all obligations of these provisions are met.

## Compliance with Laws

Licensee shall comply with all applicable laws when exercising any right or taking any action under this Agreement, and will ensure that the manufacture, use, sale, or transfer of Licensed Products complies with all applicable laws and regulations.

## Export Control

Licensee agrees to comply with U.S. export laws and regulations pertaining to the export of technical data, services and commodities, including the International Traffic in Arms Regulations (22 C.F.R., parts 120-130), the Export Administration Regulations (15 C.F.R., parts 730-744), the regulations administered by the Treasury Department’s Office of Foreign Assets Control (31 C.F.R., parts 501-598) and the Anti-Boycott Regulations (15 C.F.R 760). Licensee shall obtain any necessary U.S. government license or other authorization required pursuant to the U.S. export control laws and regulations for the export or re-export of any commodity, service or technical data covered by this Agreement.

## Cooperation with Governmental Requests

Licensee shall comply upon reasonable notice from University with all governmental requests relevant to the Licensed Intellectual Property directed to either University or Licensee and provide all information and assistance necessary to comply with the governmental requests.

## Patent Marking

Licensee and each Sublicensee shall mark all Licensed Products to the extent required by and in compliance with 35 USC 287 and other similar foreign and domestic statutes. Where marking is to be performed, but the Licensed Product cannot be marked, the patent notice shall be placed on associated tags, labels, packaging, or accompanying documentation either electronic or paper as appropriate in accordance with applicable law.

# PATENT PROSECUTION AND MAINTENANCE

## Patent Prosecution and Maintenance

University has the sole right to control the preparation, filing, nationalization, prosecution, issuance, validation, registration, defense, and maintenance (“Prosecution”) of the Licensed Intellectual Property. In no event shall Licensee file a patent application with respect to the Licensed Intellectual Property. If Licensee desires for University to file, register, validate, or nationalize any foreign or continuing application of the Licensed Patents, Licensee must first notify University at least three (3) months before the applicable deadline, indicating the particular country or filing that Licensee requests and paying any required advance deposit; University will consider Licensee’s request, but will not obligated to take any action in connection with such foreign or continuing applications unless University agrees that doing so makes reasonable business sense under the circumstances. If University determines that continued prosecution of any application, or filing any continuing applications, of the Licensed Patents is unlikely to result in issuance of a useful scope of coverage, University will provide notice to Licensee and the parties will determine in good faith how to proceed. To facilitate consultation with Licensee, University will:

1. keep Licensee reasonably informed as to the Prosecution of the Licensed Patents;
2. furnish to Licensee copies of material documents relevant to such Prosecution; and
3. allow Licensee a reasonable opportunity to comment on material documents filed with any patent office with respect to the Licensed Patents prior to filing.

## Licensee Assistance and Contact

At University’s request, Licensee shall provide and, as needed, shall cause its Sublicensees to provide, all information and assistance to University in the Prosecution of all Licensed Patents. In furtherance of the foregoing, Licensee designates the person identified in Section 11 of the Business Terms to respond to University’s request for consultation and cooperation on a pending matter within five business days or sooner as may be required under the circumstances. If Licensee’s contact fails to respond in such time period, University, exercising its own judgment and discretion, may respond to the matter as it deems appropriate.

## Patent Expenses

Within 30 days after receiving an invoice from University, Licensee shall reimburse University for Patent-Related Expenses unless otherwise provided in this Agreement. If Licensee fails to make timely payment, University will have the right to abandon, or remove from the “Licensed Patents,” the applicable patents or applications.

# COMMERCIALIZATION

## Diligence

Licensee shall use its commercially reasonable efforts, consistent with sound and reasonable business practices and judgment, to commercialize the Licensed Intellectual Property and to manufacture and offer to sell and sell Licensed Products throughout the Territory during the term of this Agreement as soon as practicable and to maximize sales thereof.

## Performance Milestones

Licensee shall perform, or shall cause to happen or be performed, as the case may be, all the performance milestones described in Section 9 of the Business Terms. Failure to meet any milestones by the indicated date will constitute a material breach.

## Commercialization Reports

By March 1 of each year, Licensee will submit a written annual report to University covering the preceding calendar year if applicable. Each report will describe Licensee’s progress toward commercialization of Licensed Product, including work completed, key scientific discoveries, summary of work-in-progress, market plans for introduction of Licensed Product, the activities of all Sublicensees with respect to commercialization of Licensed Products, and significant corporate transactions involving Licensed Product. Licensee will specifically describe how each Licensed Product is related to each Licensed Patent.

# INFRINGEMENT

## Notification to University

Licensee shall notify University if it believes a Third Party is infringing a Licensed Patent and provide University with all credible evidence that it has to support this belief.

## Commencement of Enforcement Litigation

Prior to commencing any Enforcement Litigation, the parties shall enter into good faith negotiations on the desirability of bringing suit, the parties to the action, the selection of counsel, and such other matters. University will have the first right (but not the obligation) to bring an Enforcement Litigation with respect to any given infringement, and Licensee will and, as needed, shall cause its Sublicensees to, reasonably assist and provide support and information with respect to any such action. However, if the parties agree that Licensee should bring an Enforcement Litigation, or University does not take action to abate the infringement within 180 days of Licensee’s request and the ongoing infringement is to Licensee’s substantial detriment, then Licensee may bring an Enforcement Litigation in its own name. University may not be named (nor is Licensee authorized to name University) as a party in any such action, and Licensee agrees not to attempt to join University, without its prior written consent. Licensee will reimburse University for all costs and expenses it may incur with respect to any Enforcement Litigation brought by Licensee within thirty (30) days.

## Enforcement Litigation

Settlement of any Enforcement Litigation requires the written consent of the University. Further, any recovery in any Enforcement Litigation will be shared with University as follows:

1. The recovery shall first be applied on a pro-rata basis to reimburse the costs and expenses incurred by the party initiating the action (including any expenses already reimbursed to the other University, where Licensee is the initiating party) and to reimburse such costs and expenses of the other party (to the extent not already reimbursed by the initiating party).
2. Any remaining amounts shall be split as follows: (i) if Licensee is the initiating party, then the rest of the remaining recovery shall be allocated equally between the parties, and (ii) if University is the initiating party, then the remaining recovery shall be allocated 75% to University and 25% to Licensee.
3. Licensee and University agree to negotiate in good faith an appropriate compensation to University for any non-cash settlement or non-cash cross-license.

## Infringement by Licensee

If any suit, action or proceeding is brought or commenced against Licensee alleging the infringement of a patent or other intellectual property right owned by a Third Party by reason of the manufacture, use or sale of Licensed Products, Licensee shall give University prompt notice thereof. If the validity of a Licensed Patent is questioned in such suit, action or proceeding, Licensee shall have no right to make any settlement or compromise which affects the scope, validity, enforceability or otherwise a Licensed Patent without University’s prior written approval.

# UNIVERSITY NAME AND MARKS

## No Use of University Name or Marks

No provision of this Agreement grants Licensee or Sublicensee any right or license to use the name, logo, or any marks owned by or associated with University or the names, or identities of any member of the faculty, staff, or student body of University. Licensee shall not use and shall not permit a Sublicensee to use any such logos, marks, names, or identities without University’s prior written approval.

# TERM AND TERMINATION

## Term. This Agreement shall be in effect for the Term, as defined in the Business Terms, unless terminated sooner as set forth in this Section 10.

## University’s Right to Terminate

University may terminate this Agreement if Licensee:

1. is delinquent on any report or payment;
2. misses a milestone under Section 9 of the Business Terms;
3. is in breach of any material provision of this Agreement;
4. provides any materially false report; or
5. ceases operations, dissolves, or winds up its business; becomes insolvent, or attempts to use the Licensed Intellectual Property as collateral for any debt, or otherwise attempts to subject the Licensed Intellectual Property to any lien or similar encumbrance; enters into any bankruptcy, receivership, or similar proceeding or status; fails to provide required reporting or payments and does not respond to reasonable inquiries for a period of one (1) year; or does not make any additional running royalty payments, once begun, for a period of eight (8) consecutive calendar quarters.

## Termination Date; Licensee’s Right to Remedy Breach

Termination under Section 10.2(a)-(d) of the General Terms takes effect (without any further action by University) 30 days after written notice by University to Licensee of any default under Section 10.1 of the General Terms, unless within that 30-day period Licensee:

1. remedies the default and notifies University of the same; and
2. pays to University an administrative fee of $10,000.

Termination under Section 10.2(e) of the General Terms takes effect immediately upon written notice to Licensee in accordance with the contact information provided pursuant to Section 11 of the Business Terms and Section 14.12 of the General Terms, regardless of whether Licensee acknowledges receipt of such notice.

## Licensee’s Right to Terminate

Licensee may terminate this Agreement:

1. if University is in default of any material provision of this Agreement and fails to remedy the default within 30 days of Licensee’s written notice; or
2. for convenience (“Early Termination”) by delivering to University a written notice of termination at least 60 days prior to the date of termination and upon payment of the Early Termination Fee as described in Section 10.10 of the Business Terms, if applicable.

## Effect of Termination.

Upon Termination:

1. The grant of rights under Section 2.1 of the General Terms terminates. Licensee may, however, sell or dispose of Licensed Products manufactured prior to termination for one year thereafter, provided that Licensee continues to pay royalties on the sale of Licensed Products and otherwise complies with all terms of this Agreement with respect to such Licensed Products; and
2. Sublicenses granted by Licensee shall be assigned to University upon request and at University’s discretion; provided that University’s obligations under such Sublicense shall be consistent with and not exceed University’s obligations to Licensee under this agreement and provided that such Sublicensee agrees in a writing sent to University to assume all obligations of this Agreement for the benefit of University, including the obligations to make all payments and provide all reports due under this Agreement;
3. Upon request, University may grant a license to Sublicensees on financial terms substantially similar to such terms in the Sublicense, provided Sublicensee is in good standing with respect to all of its obligations under this Agreement and the Sublicense.

## Sections of the Agreement Surviving Termination.

Surviving any termination or expiration are:

1. Licensee's payment obligations for payments accrued prior to termination; and
2. the provisions of Sections 4.7, 8, 9, 11,12, 13, 14.1, 14.3, 14.4 14.8, and 14.9 of the General Terms, and any other provision that by its nature is intended to survive.

# INDEMNIFICATION AND INSURANCE

## Indemnification

Licensee shall, and shall cause its Sublicensees to, indemnify, hold harmless, and defend all University Indemnitees against all losses, liabilities, damages, expenses, and fees (including attorney fees) of any kind arising from any claim, allegation, proceeding, suit or action of any kind arising out of or related to: (i) the exercise of any rights granted Licensee under this Agreement or to a Sublicensee under a Sublicense, and their business pertaining to (including sale, use, and marketing of) Licensed Products; (ii) Licensee’s breach of any provision of this Agreement or a Sublicensee’s breach of a Sublicense; (iii) Licensee’s and its Sublicensees’ negligence, misconduct, and violation of applicable law.

## Insurance

Licensee warrants that it now maintains and will continue to maintain liability insurance coverage appropriate to the risk involved in marketing and selling Licensed Products subject to this Agreement and that the insurance coverage lists University of Minnesota as an additional insured. Upon University’s request, Licensee shall present evidence to University that this coverage is being maintained.

# DISCLAIMER OF WARRANTIEs

## Warranties

University warrants that to the best of its actual knowledge as of the date of execution of this Agreement it has the right to grant the licenses to the Licensed Intellectual Property contained in this Agreement.

## Disclaimer of all Other Warranties

UNIVERSITY PROVIDES LICENSEE THE RIGHTS GRANTED IN THIS AGREEMENT AS IS AND WITH ALL FAULTS, IF ANY. UNIVERSITY MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED CONCERNING THE LICENSED INTELLECTUAL PROPERTY.

AMONG OTHER THINGS, UNIVERSITY EXPRESSLY DISCLAIMS ANY WARRANTIES CONCERNING AND MAKES NO REPRESENTATIONS:

1. that any or all applications of the Licensed Patents will be allowed or granted or that a patent will issue from such application(s);
2. concerning the validity, enforceability, interpretation of claims or scope of any Licensed Patent;
3. that the exercise of the rights or licenses granted to Licensee or a Sublicensee under this Agreement will not infringe or violate a Third Party’s intellectual property rights;
4. that the exploitation of the Licensed Patents or the Licensed Intellectual Property will be successful; or
5. as to the merchantability, suitability, accuracy, completeness, and safety of the Licensed Intellectual Property.

# LIMITATION ON TYPE AND AMOUNT DAMAGES

## Limitation on Type of Damages

University is not liable for any special, consequential, lost profit, loss of business opportunity, expectation, punitive or other indirect damages in connection with any claim arising out of or related to this Agreement.

## Limitation on Amount of Damages.

In no event shall University’s liability to Licensee exceed the payments made to University by Licensee during the 6 months prior to the event that gave rise to the claim.

# MISCELLANEOUS

## Choice of Law and Jurisdiction

The internal laws of the state of Minnesota, without giving effect to its conflict of laws principles, govern the validity, construction, and enforceability of this Agreement. All suits, claims, petitions, and other actions to enforce the terms of this Agreement or otherwise in relation to the Licensed Intellectual Property may be brought only in the state courts of Hennepin County, Minnesota. Licensee hereby submits to the jurisdiction of that court and waives any objections it may have to that court asserting jurisdiction over the subject matter of this Agreement, Licensee or its assets and property and to exclusive venue in that jurisdiction.

## Amendment and Waiver

The Agreement may be amended from time to time only by a written instrument signed by the parties. No term or provision of this Agreement may be waived, and no breach excused unless such waiver or consent is in writing and signed by the party claimed to have waived or consented. No waiver of a breach is to be deemed a waiver of a different or subsequent breach.

## Data Practices Act

The parties acknowledge that University is subject to the terms and provisions of the Minnesota Government Data Practices Act, Minnesota Statutes §13.01 et seq. (the “Act”), and that the Act requires, with certain exceptions, University to permit the public to inspect and copy any information that University collects, creates, receives, maintains, or disseminates, including the existence of and the terms of this Agreement.

## Confidentiality

To the extent permitted by law, including as provided in the Act, University shall hold in confidence and disclose only to University employees, agents and contractors who need to know:

1. the reports described in Sections 3.2, 4.5, 7.3 of the General Terms;
2. the documents provided under Section 10.11 of the Business Terms; and
3. the records inspected in accordance with Sections 4.8 and 4.9 of the General Terms. No provision of this Agreement is to be construed to further prohibit, limit, or condition University’s right to use and disclose any information in connection with enforcing this Agreement, in court or elsewhere.

## Transfer

Licensee shall not affect a Transfer of its interest under this Agreement without the prior written consent of the University and payment of the Transfer Fee under Section 10.7 of the Business Terms. Any Transfer attempted to be made in violation of this section is void. Absent the consent of all the parties, an assignment or delegation will not release the assigning or delegating party from its obligations.

## Change of Control

Upon a Change of Control Licensee shall give the University written notice of the Change of Control and, within 30 days, pay the University the full Transfer Fee.

Licensee may assign this Agreement as part of a Change of Control to the surviving entity by providing University written notice of the assignment within 30-days of the Change of Control. To be effective notice must include the new assignee’s contact information and the new assignee’s acknowledgement in writing to be bound by this agreement.

## Consent and Approvals

Except as otherwise expressly provided, in order to be effective, all consents or approvals required under this Agreement must be in writing.

## Entire Agreement

The parties intend this Agreement (including all attachments, exhibits, and amendments hereto) to be the final and binding expression of their contract and agreement and the complete and exclusive statement of the terms thereof. The Agreement cancels, supersedes, and revokes all prior negotiations, representations, and agreements among the parties, whether oral or written, relating to the subject matter of this Agreement. No representations or statements of any kind made by either party, which are not expressly stated herein, will be binding on such party.

## Enforceability

If a court of competent jurisdiction adjudges a provision of this Agreement to be unenforceable, invalid, or void, such determination is not to be construed as impairing the enforceability of any of the remaining provisions hereof and such provisions will remain in full force and effect.

## No Third-Party Beneficiaries

No provision of this Agreement, express or implied, is intended to confer upon any person other than the parties to this Agreement any rights, remedies, obligations, or liabilities hereunder. No Sublicense may enforce or seek damages under this Agreement.

## Relationship of Parties

In entering into, and performing their duties under this Agreement, the parties are acting as independent contractors and independent employers. No provision of this Agreement creates or is to be construed as creating a partnership, joint venture, or agency relationship between the parties. No party has the authority to act for or bind the other party in any respect.

## Notices

In order to be effective, all notices, requests, and other communications that a party is required or elects to deliver must be in writing and must be delivered personally, or by facsimile or electronic mail (provided such delivery is confirmed), or by a recognized overnight courier service or by United States mail, first-class, certified or registered, postage prepaid, return receipt requested, to the other party at its address set forth below or to such other address as such party may designate by notice given under this Section:

If to University: University of Minnesota

Technology Commercialization

200 Oak Street, SE

Suite 280

Minneapolis, MN 55455

Fax: 612.624.6554

E-mail: otcagree@umn.edu

For notices sent University of Minnesota

under Section 8, Office of the General Counsel

with a copy to: Attn: Director, Transactional Law Services

360 McNamara Alumni Center

200 Oak Street S.E.

Minneapolis, MN 55455-2006

Facsimile No.: 612.626.9624

Email: contracts@mail.ogc.umn.edu

If to Licensee: As indicated in Section 11 of the Business Terms.

## Security Interest

In no event may Licensee grant, or permit any person to assert or perfect, a security interest in Licensee’s rights under this Agreement.

## Force Majeure

Neither the University nor the Licensee shall be responsible for any delays or failure to perform any obligation under this Agreement due to causes beyond the reasonable control of such party, including (but not limited to) health epidemics, terrorist acts, war, insurrection, embargoes, governmental restrictions or other acts of governmental authorities beyond the control of such party. Notwithstanding the foregoing, the University and the Licensee agree to cooperate in good faith to mitigate the effect of any such delays or failures to perform, with the goal of achieving, to the extent possible, the objectives of this Agreement.

## Execution in Counterparts

This Agreement may be executed in counterparts and by facsimile or electronic transmission.

**EXHIBIT A**

Technical Information

1.