

LICENSE AGREEMENT

This agreement ("Agreement") is entered into as of _____, 201__, (the "Effective Date") by and between <COMPANY NAME>, a <STATE> corporation having an address at <ADDRESS> ("Licensee") and The Regents of the University of California, a California public corporation having its statewide administrative offices at 1111 Franklin Street, Oakland, California 94607-5200 ("University"), represented by its San Diego campus having an address at University of California, San Diego, Office of Innovation and Commercialization, Mail Code 0910, 9500 Gilman Drive, La Jolla, California 92093-0910 ("UC SAN DIEGO"). The invention disclosed in UC SAN DIEGO Disclosure Docket No. SD__-__ and titled "DISCLOSURE TITLE - MUST BE ACCURATE" ("Invention"), was made in the course of research at UC SAN DIEGO by Dr. _____ and his/her associates (hereinafter and collectively, the "Inventors") and are covered by Patent Rights as defined in Schedule C. The parties agree as follows:

1. **Grant.** Subject to the limitations set forth in this Agreement, University hereby grants to Licensee an exclusive license under Patent Rights to make, use, sell, offer for sale, and to grant sublicenses to third parties, and import Licensed Products, in the Field within the Territory and during the Term. Licensee may extend such license to its Affiliates, provided that Licensee assumes all liability for actions of Affiliates that are connected to the Licensed Products and guarantees that such Affiliates comply with all terms of this Agreement. Any sublicenses granted by Licensee under this Agreement will be subject to the terms and conditions of this Agreement and must include all of the rights and obligations due to University contained in this Agreement. Upon termination of this Agreement for any reason, University, at its sole discretion, shall determine whether Licensee shall cancel or assign to University any and all Sublicenses.

2. **Reservation of Rights.** University reserves the right to: (a) use the Invention and Patent Rights for educational and research purposes; (b) publish or otherwise disseminate any information about the Invention and Patent Rights at any time; and (c) allow other nonprofit institutions and academic researchers to use, publish, or otherwise disseminate any information about Invention and Patent Rights for educational and research purposes.

3. **Termination by University.** University may terminate this Agreement if Licensee: (i) is delinquent on any report or payment as described in Schedule A; (ii) is not diligently developing and commercializing Licensed Product, (iii) misses any milestone described in Schedule B; (iv) is in breach of any provision; (v) provides any false report; (vi) files a claim including in any way the assertion that any portion of University's Patent Rights is invalid or unenforceable; (vii) becomes insolvent or files for bankruptcy; or (viii) purports to make an assignment or sublicense that is not in compliance with the requirements of this Agreement. Termination under this Paragraph 3 will take effect thirty (30) days after written notice by University unless Licensee remedies the problem to University's satisfaction in that thirty (30)-day period.

4. **Termination by Licensee.** Licensee may at any time and for any reason terminate this Agreement after giving ninety (90) days written notice to University. Any termination under this Paragraph shall not (a) relieve Licensee of any obligation or liability accrued under this Agreement prior to termination or (b) rescind any payment made to University or action by Licensee prior to the time termination becomes effective. Termination shall not affect in any manner any rights of University arising under this Agreement prior to termination.

5. **Survival on Termination or Expiration.** Paragraphs 6 (No Warranty), 7 (Indemnification and Insurance), 10 (Use of Names), and 14 (Failure to Perform) shall survive the termination or expiration of this Agreement.

6. **No Warranty.** THE LICENSE GRANTED HEREIN PROVIDED "AS IS" AND WITHOUT WARRANTY OF MERCHANTABILITY OR WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. UNIVERSITY MAKES NO REPRESENTATION OR WARRANTY THAT THE LICENSED PRODUCT OR THE USE OF PATENT RIGHTS WILL NOT INFRINGE ANY OTHER PATENT OR OTHER PROPRIETARY RIGHTS. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS AN OBLIGATION TO BRING OR PROSECUTE ACTIONS OR SUITS AGAINST THIRD PARTIES FOR PATENT INFRINGEMENT AN OBLIGATION TO FURNISH ANY KNOW-HOW NOT PROVIDED IN PATENT RIGHTS.

UNIVERSITY WILL NOT BE LIABLE FOR ANY LOST PROFITS, COSTS OF PROCURING SUBSTITUTE GOODS OR SERVICES, LOST BUSINESS, ENHANCED DAMAGES FOR INTELLECTUAL PROPERTY INFRINGEMENT, OR FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR OTHER SPECIAL DAMAGES SUFFERED BY LICENSEE, SUBLICENSEES, JOINT VENTURES, OR AFFILIATES ARISING OUT OF OR RELATED TO THIS AGREEMENT FOR ALL CAUSES OF ACTION OF ANY KIND (INCLUDING TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY AND BREACH OF WARRANTY) EVEN IF UNIVERSITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. ALSO, UNIVERSITY WILL NOT BE LIABLE FOR ANY DIRECT DAMAGES SUFFERED BY LICENSEE, SUBLICENSEES, JOINT VENTURES, OR AFFILIATES ARISING OUT OF OR RELATED TO PATENT RIGHTS TO THE EXTENT ASSIGNED, OR OTHERWISE LICENSED BY UNIVERSITY'S INVENTORS TO THIRD PARTIES.

7. Indemnification and Insurance. Licensee will, and will require Sublicensees to, indemnify, hold harmless, and defend University and its officers, employees, and agents; the sponsors of the research that led to the Invention; and inventors of patents or patent applications under Patent Rights, and their employers; against any and all claims, suits, losses, damages, costs, fees, and expenses resulting from, or arising out of, the exercise of this license or any Sublicense. This indemnification will include, but will not be limited to, any contract, tort, strict, or product liability. Licensee, at its sole cost and expense, shall insure its activities in connection with the work conducted under this Agreement and obtain, keep in force and maintain commercially reasonable insurance with elements appropriate to the activity being engaged in by Licensee according to the appropriate jurisdiction. Licensee shall furnish University with certificates of insurance showing compliance with all requirements. Such certificates shall: (i) provide for thirty (30) days' advance written notice to University of any modification; (ii) indicate that University has been endorsed as an additionally insured party under the coverage referred to above; and (iii) include a provision that the coverage shall be primary and shall not participate with nor shall be excess over any valid and collectable insurance or program of self-insurance carried or maintained by University. Licensee will not settle any claim against University without University's written consent.

8. Patent Prosecution and Maintenance. University shall diligently prosecute and maintain the United States and, if available, foreign patents, and applications in Patent Rights using counsel of its choice. For purposes of clarity, if Licensee is not current in reimbursing University for such Patent Costs, University shall have no obligation to incur any new Patent Costs under this Agreement or to further prosecute Patent Rights or file any new patent applications under Patent Rights, but the University, in its discretion, may continue to incur such costs, in which case Licensee will reimburse University within ten (10) days of receipt of a written demand for payment from University. University shall provide Licensee with copies of all relevant documentation relating to such prosecution and Licensee shall keep this documentation confidential in accordance with Paragraph 17 of this Agreement. University shall consider any actions recommended by Licensee to protect the Licensed Products contemplated to be sold by Licensee under this Agreement. Should Licensee fail to meet its reimbursement obligations with respect to any patent application or patent in Patent Rights, University may, in its discretion, immediately terminate this license with respect to such Patent Rights under this Agreement.

9. Governmental Approval or Registration. If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, LICENSEE shall assume all legal obligations to do so. LICENSEE shall make all necessary filings and pay all costs including fees, penalties, and all other out-of-pocket costs associated with such reporting or approval process.

10. Use of Names. Nothing contained in this Agreement confers any right to use in advertising, publicity, or other promotional activities any name, trade name, trademark, or other designation of University by Licensee without prior written approval by University (including contraction, abbreviation or simulation of any of the foregoing). Licensee hereby grants permission for University to include Licensee's name and a link to Licensee's website in University's and UC SAN DIEGO's annual reports and on University's (including UC SAN DIEGO's) websites that showcase innovation and commercialization stories.

11. **Correspondence.** Any notice or payment required to be given to either party under this Agreement shall be sent as follows:

If sent to Licensee:

[Name and address of Licensee – please include specific information for separate locations for invoices and notices, if applicable]

Attention: _____

Phone:

Fax:

e-mail:

If sent to University by mail:

University of California, San Diego
Office of Innovation and Commercialization
9500 Gilman Drive, Mail Code 0910
La Jolla, CA 92093-0910
Attention: Director

If sent to University by overnight delivery:

University of California, San Diego
Office of Innovation and Commercialization
10300 North Torrey Pines Road, 3rd Floor
La Jolla, CA 92037
Attention: Director

12. **Assignability.** This Agreement may be assigned by University, but is personal to Licensee and assignable by Licensee only with the written consent of University.

13. **No Waiver.** No waiver by either party of any breach or default of any agreement set forth in this Agreement shall be deemed a waiver as to any subsequent and/or similar breach or default.

14. **Failure to Perform.** In the event of a failure of performance due under this Agreement and if it becomes necessary for either party to undertake legal action against the other on account thereof, then the prevailing party shall be entitled to reasonable attorneys' fees in addition to costs and necessary disbursements.

15. **Governing Laws.** Licensee shall conform with all applicable laws and regulations in all jurisdictions where Licensee is conducting business, and will bear all the costs of compliance, including export control, patent marking and product approval or registration laws. This Agreement shall be interpreted and construed in accordance with the laws of the State of California, but the scope and validity of any patent or patent application shall be governed by the applicable laws of the country of the patent or patent application. The exclusive venue for disputes arising out of this Agreement will be the courts of San Diego County, California and the prevailing party shall be entitled to reasonable attorneys' fees in addition to costs and necessary disbursements.

16. **Patent Infringement.** Each Party agrees to promptly inform the other party if it learns of potential commercially significant infringement of any patent licensed under this Agreement and to provide available evidence ("Infringement Notice"). If Licensee holds an exclusive license to the infringed patent, then neither University nor Licensee will notify any third party (including the infringer) of the infringement or the existence of Patent Rights related to such infringement without the other Party's consent. If such infringement has not ended within ninety (90) days of the Infringement Notice, then Licensee may initiate suit. If Licensee has not initiated suit within one hundred and twenty days (120) days of the Infringement Notice, then University may initiate suit. Each Party will cooperate with the other party in: (i) efforts to terminate such infringement without litigation; and (b) in any such suit but only at the expense of the party initiating such suit. Notwithstanding the foregoing, University may not be joined in any suit without its prior written consent. Licensee will pay all of University's costs in the event University is joined in any such infringement suit. If University is party to such infringement suit, then University's recovery will be greater than or equal to fifteen percent (15%) of net recoveries. If University or Licensee (but not both) sues a third party for infringement of Patent Rights, the non-suing party may not subsequently sue the third party infringer for the same acts of infringement.

17. **Confidentiality.** Licensee shall: (i) use Confidential Information for the sole purpose of performance under this Agreement; (ii) safeguard Confidential Information against disclosure with the same degree of care it uses with its own similar information; and (iii) not disclose Confidential Information to others (except to its

employees, agents or consultants who are bound by confidentiality obligations at least as stringent as those contained in this Agreement) without the express written consent of University. These obligations of confidentiality shall survive for a period of five (5) years from the termination date of this Agreement.

18. **Entire Agreement.** This Agreement, including Schedules A, B and C, 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 hereof. No amendment or modification of this Agreement shall be valid or binding on the parties unless made in writing and signed on behalf of each party.

19. **Severability.** In the event that any of the provisions contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provisions had never been contained in it.

[COMPANY NAME]:

**THE REGENTS OF THE
UNIVERSITY OF CALIFORNIA:**

By: **___ DRAFT-DO NOT SIGN**
(Signature)

By: _____
(Signature)

Name: _____

Title: _____

Paul Roben, Ph.D.
Associate Vice Chancellor
Office of Innovation and Commercialization

Date: _____

Date: _____

Schedule A: Financial Terms

In partial consideration for the license granted herein to Licensee under Patent Rights, Licensee shall pay University:

- (a) a license issue fee of _____ (US\$ _____), no later than twelve (12) months after the Effective Date;
- (b) license maintenance fees of _____ dollars (US\$ _____) per year and payable on the first anniversary of the Effective Date and annually thereafter on each anniversary; provided however, that such maintenance fees will be creditable against earned royalties in any given payment period;
- (c) the following milestone payments: _____;
- (d) an earned royalty of _____ percent (____%) on Net Sales of Licensed Products by Licensee, Sublicensees, and/or Affiliates, provided, however, that in the event Licensee is required to pay royalties to one or more third parties for patent rights necessary to make, use or sell Licensed Products, Licensee may deduct \$0.50 from the earned royalties payable to University for every \$1.00 Licensee actually pays to said third parties; provided, however, in no event shall the amount payable to University be less than fifty percent (50%) of the amount otherwise due; and
- (e) twenty percent (20%) of all Sublicense fees received by Licensee from its Sublicensees that are not earned royalties.
- (f) past Patent Costs (prior to the Effective Date) in accordance to an arrangement to be agreed between the parties, as described herein. Past Patent Costs are approximately _____ (US\$ _____) as of the Effective Date.
- (g) future (on or after the Effective Date) Patent Costs incurred during the Term and in the Territory within thirty (30) days following the date an itemized invoice is sent from University to Licensee.

Payments. All fees, reimbursements and royalties due University shall be paid in United States dollars and all checks shall be made payable to "The Regents of the University of California", referencing "UC SAN DIEGO OIC", and sent to University according to Paragraph 11 (Correspondence). Royalties shall accrue when Licensed Products are invoiced, or if not invoiced, when delivered to a third party or Affiliate. Licensee shall pay earned royalties annually on or before February 28 of each calendar year. Each such payment shall be for earned royalties accrued within Licensee's most recently completed calendar year.

Late Payments. In the event royalty, reimbursement and/or fee payments are not received by University when due, Licensee shall pay to University interest charges at a rate of ten percent (10%) per year. Such interest shall be calculated from the date payment was due until actually received by University.

Taxes. Taxes imposed by any governmental agency on any payments to be made to University by Licensee hereunder shall be paid by Licensee without deduction from any payment due to University hereunder.

Schedule B: Due Diligence Obligations for Licensee

Licensee shall, either directly or through its Affiliate(s) or SubLicensee(s) diligently develop, manufacture, and sell Licensed Products; and achieve the following milestones:

[Insert table describing agreed milestones]

If Licensee fails to perform any of its due diligence obligations specified in this Schedule B, then University shall have the right and option to either terminate this Agreement or change Licensee's exclusive license under Patent Rights to a nonexclusive license. This right, if exercised by University, supersedes the rights granted in Paragraph 1.

Progress Reports. Beginning six (6) months after the Effective Date and within sixty (60) days after the end of each of Licensee's fiscal years, Licensee shall furnish University with a written report on the progress of its efforts during the immediately preceding fiscal year to develop and commercialize Licensed Products. The report shall provide a discussion, to University's satisfaction, of intended efforts and sales projections for the Licensed Products for the year in which the report is submitted. Licensee's fiscal year begins on _____.

Royalty Reports. After the first commercial sale of a Licensed Product anywhere in the world, Licensee shall submit to University annual royalty reports on or before February 28 of each year. Each royalty report shall cover Licensee's (and each Affiliate's and SubLicensee's) most recently completed calendar year and shall show:

- (i) the date of first commercial sale of a Licensed Product in each country;
- (ii) the gross sales, deductions as provided in Schedule C, Paragraph D (Net Sales), and Net Sales during the most recently completed calendar year and the royalties, in US dollars, payable with respect thereto;
- (iii) the number of each type of Licensed Product sold;
- (iv) Sublicense fees and royalties received during the most recently completed calendar year in US dollars, payable with respect thereto;
- (v) the method used to calculate the royalties; and
- (vi) the exchange rates used.

If no sales of Licensed Products have been made and no Sublicense revenue has been received by Licensee during any reporting period, Licensee shall so report. The reports referred to in this Paragraph should be marked with the following title and case number: "License Agreement between UC SAN DIEGO and <Licensee NAME> for case <XXXX-XXX>." Reports shall be submitted as an attachment to UC SAN DIEGO's email address: oic-reports@ucsd.edu.

Records & Audits. Licensee shall keep, and shall require its Affiliates and Sublicensees to keep, accurate and correct records of all Licensed Products manufactured, used, sold, offered for sale, and imported and Sublicense fees received under this Agreement. Such records shall be retained by Licensee for at least five (5) years following a given reporting period. All records shall be available during normal business hours for inspection at the expense of University by University's Internal Audit Department or by a Certified Public Accountant selected by University and in compliance with the other terms of this Agreement for the sole purpose of verifying reports and payments or other compliance issues. Such inspector shall not disclose to University any information other than information relating to the accuracy of reports and payments made under this Agreement or other compliance issues. In the event that any such inspection shows an under reporting or underpayment in excess of five percent (5%) for any twelve-month (12-month) period, then Licensee shall pay the cost of the audit as well as any additional sum that would have been payable to University had the Licensee reported correctly, plus an interest charge at a rate of ten percent (10%) per year from the date the correct payment was due to University up to the date when such payment is actually made by Licensee. For underpayment not in excess of five percent (5%) for any twelve (12)-month period, Licensee shall pay the difference within thirty (30) days without interest charge or inspection cost.

Schedule C: Definitions

- A. "Affiliate" means any corporation, firm, limited liability company, partnership or other entity that directly or indirectly Controls or is Controlled by or is under common control with Licensee. "Control" means (i) having the actual, present capacity to elect a majority of the directors of such entity; (ii) having the power to direct at least forty percent (40%) of the voting rights entitled to elect directors; or (iii) in any country where the local law will not permit foreign equity participation of at least forty percent (40%), having a majority, ownership or control, directly or indirectly, of the maximum percentage of such outstanding stock or voting rights permitted by local law.
- B. "Confidential Information" means information relating to the Invention disclosed by University to Licensee during the term of this Agreement that is marked "Confidential" or, if first disclosed orally, is reduced to writing and marked "Confidential" within thirty (30) days of such oral disclosure. Confidential Information shall not include information that is: (i) already known to Licensee, (ii) made publicly available through no act or omission of Licensee, (iii) disclosed on a non-confidential basis, or (iv) required to be disclosed by law.
- C. "Field" means [REDACTED].
- C. "Licensed Product" means any service, composition or product which is composed of or incorporates, or is directly or indirectly discovered, developed and/or identified using, the Invention, or that is claimed in Patent Rights, or the manufacture, use, sale, offer for sale, or importation of which would constitute, but for the license granted to Licensee under this Agreement, an infringement, an inducement to infringe or contributory infringement, of any pending or issued claim within the Patent Rights.
- D. "Net Sales" means the total of the gross invoice prices of Licensed Products sold or leased by Licensee, Sublicensee, Affiliate, or any combination thereof, less the sum of the following actual and customary deductions where applicable and separately listed: cash, trade, or quantity discounts or rebates (as allowed under applicable law); sales tax, use tax, tariff, import/export duties or other excise taxes imposed on particular sales (except for value-added and income taxes imposed on the sales of Licensed Product in foreign countries); transportation charges; or credits to customers because of rejections or returns. For purposes of calculating Net Sales, transfers to a Sublicensee or an Affiliate of Licensed Product under this Agreement for (a) end use (but not resale) by the Sublicensee or Affiliate shall be treated as sales by Licensee at list price of Licensee, or (b) resale by a Sublicensee or an Affiliate shall be treated as sales at the list price of the Sublicensee or Affiliate.
- E. "Patent Costs" means all out-of-pocket expenses for the preparation, filing, prosecution, and maintenance of all United States and foreign patents included in Patent Rights. Patent Costs include out-of-pocket expenses for patentability opinions, inventorship determination, preparation and prosecution of patent application, re-examination, re-issue, interference, post-grant review and other administrative proceedings in patent offices, and opposition activities, and the like, related to patents or applications in Patent Rights.
- F. "Patent Rights" means University's rights in the claims of any of the following: the U.S. patents and patent applications listed in Exhibit A; and continuing applications thereof including divisions, substitutions, and continuations-in-part (but only to the extent the claims thereof are entirely supported in the specification and entitled to the priority date of the parent application); any patents issuing on said applications including reissues, reexaminations and extensions; and any corresponding foreign applications or patents.
- G. "Sublicense" means an agreement into which Licensee enters with a third party that is not an Affiliate for the purpose of (a) granting certain rights; (b) granting an option to certain rights; or (c) forbearing the exercise of any rights, granted to Licensee under this Agreement. "Sublicensee" means a third party with whom Licensee enters into a Sublicense.
- H. "Term" means the period of time beginning on the Effective Date and ending on the expiration date of the longest-lived Patent Rights.

I. "Territory" means [redacted].