

## Summary of standard basic terms for an *exclusive* license agreement with Auburn University

<b>FIELD OF USE</b>	Defines areas/industries that are covered under license.
<b>LICENSED PRODUCTS</b>	Any product or service that is covered by or is produced using inventions, discoveries and processes covered by TECHNOLOGY RIGHTS within the FIELD OF USE.
<b>TERRITORY</b>	Defines geographic region of license.
<b>TECHNOLOGY RIGHTS</b>	PCT Application PCT/US08/xxxxx (for example) regarding “[Title]” owned by Auburn University (“AUBURN”) and all domestic or foreign continuations, divisionals, reissues, and reexaminations issuing or claiming priority therefrom.  <i>Auburn also licenses copyrights, trademarks, materials, know-how and other IP</i>
<b>LICENSE</b>	AUBURN shall grant [Company Name] (“LICENSEE”) an exclusive license under the TECHNOLOGY RIGHTS to use, make, have made, lease, sell, have sold and import LICENSED PRODUCTS within the FIELD OF USE in the TERRITORY. The right to sublicense shall be specifically included in the license.
<b>LICENSE FEE</b>	[Amount here – can include equity in case of start-up]
<b>TECHNOLOGY EXPENSES</b>	LICENSEE shall reimburse AUBURN for all past and be responsible for all future expenses paid in filing, prosecuting, enforcing and maintaining TECHNOLOGY RIGHTS.
<b>REPORTING</b>	There shall be reporting and records requirements of the LICENSEE, to be determined. AUBURN shall have the right to audit, terms to be determined.
<b>GOVERNANCE</b>	The agreement shall be governed by the laws of the State of Alabama.  <i>As an instrumentality of the State of Alabama, a sovereign immunity state, Auburn cannot enter into agreements that are governed by/under jurisdiction of the laws of another state or country.</i>
<b>INDEMNIFICATION, LIABILITY And NO WARRANTY</b>	LICENSEE shall at all times during the term of this agreement and thereafter, indemnify, defend and hold AUBURN, its trustees, directors, officers, employees and affiliates, harmless against all claims, proceedings, demands and liabilities of any kind whatsoever. LICENSEE shall obtain and carry in full force and effect commercial, general liability insurance that shall protect LICENSEE and AUBURN. The TECHNOLOGY RIGHTS are provided “as is”. AUBURN makes no warranties and in no event shall AUBURN be liable for incidental or consequential damages.  <i>In order to protect the larger public mission of the university, indemnification and insurance coverage by licensees are required. Further, as an instrumentality of the State of Alabama, Auburn falls under the purview of our State Constitution which states in Article I, Section 14 “That the State of Alabama shall never be made a defendant in any court of law or equity.” As such, Auburn cannot indemnify another party.</i>
<b>TERM</b>	The term of this agreement shall be until all TECHNOLOGY RIGHTS claiming the LICENSED PRODUCTS expire in all countries in TERRITORY.

<p style="text-align: center;"><b>NON-COMMERCIAL RESEARCH</b></p>	<p>The license shall be subject to the non-exclusive right for AUBURN, the inventors of the TECHNOLOGY RIGHTS, and all other non-profit, academic and/or government institutions to perform non-commercial research on the TECHNOLOGY RIGHTS.</p> <p><i>University researchers' livelihoods and reputations depend on their ability to acquire and perform competitive research on the topics of their expertise. Their right to pursue basic research cannot be hindered in any way. This includes the inventors of the subject technology as well as non-inventive faculty, whether at Auburn or at another research institute. This is Point 1 in the "Nine Points" best practices white paper generally accepted by the academic tech transfer community.</i></p>				
<p style="text-align: center;"><b>DUE DILIGENCE</b></p>	<p>LICENSEE shall achieve the following development milestones:</p> <p>Milestone A: TBD Milestone B: TBD Milestone C: TBD (etc.)</p> <p>Such mutually agreeable milestones often relate to timeline for prototype development, first commercialization, and certain numbers of NET SALES per year after that. Different milestones can be used as needed.</p> <p>Except as otherwise noted, failure to meet any of the above milestones will be grounds for AUBURN to terminate the Agreement, subject to a mutually agreeable period of time to allow LICENSEE to rectify any such breach.</p> <p><i>As a public institution, Auburn needs to ensure a licensee's ability and willingness to move a licensed technology into the market place. For example, while acquiring and "shelving" a technology that would compete with a licensee's other products may be an effective business practice, it contradicts Auburn's public mission of utilizing technologies for public benefit. Therefore, such development milestones must be included. These mutually agreeable milestones are tailored to each technology to help create reasonable expectations. This is Point 2 in the above referenced "Nine Points" best practices white paper.</i></p>				
<p style="text-align: center;"><b>ROYALTIES</b></p>	<p>LICENSEE will pay AUBURN a royalty of X of NET SALES (typically a percentage or flat rate per unit sold) of LICENSED PRODUCTS that are sold by LICENSEE or its sublicensees.</p> <p>LICENSEE will pay minimum annual payments according to the following schedule:</p> <table style="margin-left: 40px;"> <tr> <td>First day of Second LICENSE YEAR</td> <td style="text-align: right;">\$Y</td> </tr> <tr> <td>First day of Third LICENSE YEAR</td> <td style="text-align: right;">\$Z (etc.)</td> </tr> </table> <p>Such payments are creditable towards royalties due for the given year (but not towards royalties in future years).</p> <p>LICENSEE shall pay AUBURN a set percentage on all non-royalty consideration received by LICENSEE from any Sublicensee, based on LICENSEE'S achievement of milestones at the time of sublicense:</p> <ul style="list-style-type: none"> <li>Before Milestone 1: 75%</li> <li>After Milestone 1 but before Milestone 2: X%</li> <li>After Milestone 2 but before Milestone 3: Y%</li> <li>...</li> <li>After Milestone N: 25%</li> </ul> <p>[Percentage paid to AUBURN decreases step-wise as certain development milestones are achieved and value is added by LICENSEE. Milestones and percentages are negotiated on a case-by-case basis. Milestones can – but don't have to - match those in Due Diligence section.]</p>	First day of Second LICENSE YEAR	\$Y	First day of Third LICENSE YEAR	\$Z (etc.)
First day of Second LICENSE YEAR	\$Y				
First day of Third LICENSE YEAR	\$Z (etc.)				

*This term sheet has no operative effect until a definitive agreement is signed in writing by all parties.*