



LICENSE AGREEMENT

between

AUBURN UNIVERSITY

and

This Agreement is made and entered into this ___ day of _____, 20___, (the “Effective Date”) by and between AUBURN UNIVERSITY, a university duly established and organized under the laws of the State of Alabama, and with offices located at Office of Innovation Advancement and Commercialization, 570 Devall Drive, Suite 102, Auburn, Alabama, 36832 (“AUBURN”), and _____, a corporation duly organized under the laws of _____ and having its principal office at _____ (hereinafter referred to as “LICENSEE”).

WITNESSETH

WHEREAS, AUBURN is the owner of certain PATENT RIGHTS (as later defined herein) and has the right to grant licenses under said PATENT RIGHTS;

WHEREAS, AUBURN is committed to policy that ideas or creative works produced at AUBURN should be used for the greatest possible public benefit; and accordingly believes that every reasonable incentive should be provided for the prompt introduction of such ideas into public use, all in a manner consistent with the public interest; and

WHEREAS, LICENSEE is desirous of obtaining an exclusive license in order to practice the above referenced invention covered by patent rights in the United States and in certain foreign countries, and to manufacture, use and sell in the commercial market the products made in accordance therewith; and

WHEREAS, AUBURN is desirous of granting such a license to LICENSEE in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

For the purposes of this Agreement, the following words and phrases shall have the following meanings:

“COVERED” means with respect to the PATENT RIGHTS, the use, manufacture, offer for sale, sale, import of a product, process, good, service – in whole or in part – which would infringe or transfer the beneficial use of a VALID CLAIM under any such PATENT RIGHTS, absent ownership thereof or a license thereunder.

“FIELD OF USE” means _____.

“LICENSE YEAR” means a twelve (12) month period commencing on the Effective Date or on the anniversary of the Effective Date.

“LICENSED PROCESS” means any process that is COVERED by the PATENT RIGHTS.

“LICENSED PRODUCT” means any product or part thereof which:

- (a) is COVERED by the PATENT RIGHTS in the country in which any such product or part thereof is made, used or sold; or
- (b) is manufactured by using a process or is employed to practice a process which is COVERED by the PATENT RIGHTS in the country in which any LICENSED PROCESS is used or in which such product or part thereof is used or sold.

“LICENSEE” includes a related company of _____, the voting stock of which is directly or indirectly at least fifty percent (50%) owned or controlled by _____, an organization which directly or indirectly controls more than fifty percent (50%) of the voting stock of _____ and an organization, the majority ownership of which is directly or indirectly common to the ownership of _____.

“LICENSEE PATENT CHALLENGE” means any challenge of the validity or enforceability of any of the PATENT RIGHTS in any manner, including instituting opposition, declaratory or post-grant judgement, interference, *inter partes* review, or re-examination proceeding, initiated by LICENSEE, by any of its Affiliates, by any SUBLICENSEE or by any third party at the written urging of any of these parties.

“NET SALES” means LICENSEE's and its SUBLICENSEES' billings for LICENSED PRODUCTS and LICENSED PROCESSES produced hereunder less the sum of the following:

- (a) discounts allowed in amounts customary in the trade;
- (b) sales, tariff duties and/or use taxes directly imposed and with reference to particular sales;
- (c) outbound transportation prepaid or allowed; and
- (d) amounts allowed or credited on returns.

No deductions shall be made for commissions paid to individuals whether they be with independent sales agencies or regularly employed by LICENSEE and on its payroll, or for cost of collections. LICENSED PRODUCTS and LICENSED PROCESSES shall be considered "sold" when billed out or invoiced.

“NON-COMMERCIAL RESEARCH PURPOSES” means the use or practice of the licensed PATENT RIGHTS for academic research and other not-for-profit or scholarly purposes which are undertaken at a non-profit or governmental institution that does not involve the production or manufacture of products for sale or the performance of services for a fee. Without limiting the foregoing: (i) “academic research and other not-for profit or scholarly purposes” includes, in non-limiting fashion, (A) research that leads, or may lead, to patentable or unpatentable inventions that may be licensed or otherwise transferred, either directly or indirectly, to third parties and (B) publication of such research results; and (ii) neither (A) receipt of license revenues on account of such inventions or receipt of reimbursements for the costs of preparation and shipping of samples of materials provided to third parties as a professional courtesy, in response to post-publication requests or otherwise in accordance with academic custom nor (B) receipt of funding to cover the direct and/or indirect costs of research, shall constitute sale of products or performance of service for a fee.

“PATENT PROSECUTION” means the filing, prosecution and maintenance of the PATENT RIGHTS, including all related inventorship disputes, interferences, re-examinations, patent term extensions and ownership disputes.

“PATENT RIGHTS” mean all of the following AUBURN intellectual property:

- (a) the United States and foreign patents and/or patent applications listed in Appendix A;
- (b) United States and foreign patents issued from the applications listed in Appendix A and from divisionals, continuations, patents of addition, or supplementary protection certificates related to these applications;
- (c) any reissues, reexaminations, restorations or extensions of patents described in (a) or (b) above.

“SUBLICENSEE” means a third party to which LICENSEE has granted a sublicense or an option to a sublicense in accordance with the terms of this Agreement to make, have made, use, lease,

sell, and/or import LICENSED PRODUCTS or to practice the LICENSED PROCESSES. Without limiting the generality of the foregoing, a SUBLICENSEE will be deemed to include any third party who is granted a sublicense hereunder by LICENSEE pursuant to the terms of the outcome or settlement of any infringement or threatened infringement action.

“TERRITORY” means _____.

“VALID CLAIM” means any pending, issued or unexpired claim under any patent or patent application under the PATENT RIGHTS; any claim under the PATENT RIGHTS is presumed to be a VALID CLAIM unless it has been held to be invalid by a final judgment of a court of competent jurisdiction from which no appeal can be or is taken.

ARTICLE 2 - GRANT

2.1 Effective upon the full execution of this Agreement and the payment by LICENSEE to AUBURN of the License Issue Fee, such payment being subject to the terms of Article 13.2, AUBURN hereby grants to LICENSEE, subject to the terms and conditions of this Agreement, the exclusive right and license for the FIELD OF USE to practice under the PATENT RIGHTS to make, have made, use, lease, sell, have sold and import LICENSED PRODUCTS and to practice the LICENSED PROCESSES in the TERRITORY, until the end of the term for which the PATENT RIGHTS are granted unless this Agreement shall be sooner terminated according to the terms hereof.

2.2 The grant in Section 2.1 shall be further subject to, restricted by and non-exclusive with respect to:

- (a) the right of AUBURN, on behalf of itself, the Inventors (as defined in Appendix A), all other non-profit academic research institutions, and other non-profit and governmental organizations to practice the licensed PATENT RIGHTS for any NON-COMMERCIAL RESEARCH PURPOSES, including sponsored research and collaborations. LICENSEE agrees that, notwithstanding any other provision of this Agreement, it has no right to enforce the licensed PATENT RIGHTS against any such institution or Inventor for NON-COMMERCIAL RESEARCH PURPOSES.
- (b) any non-exclusive license of the PATENT RIGHTS that AUBURN is required by law or regulation to grant to the United States of America or to a foreign country pursuant to an existing or future treaty with the United States of America.

2.3 This Agreement, unless terminated earlier as hereinafter provided, shall expire on the expiration of the last of the patents licensed hereunder on a country-by-country basis, whereupon the exclusive licenses granted hereunder shall be fully paid and LICENSEE and its Affiliates and SUBLICENSEES shall be free to develop, make, have made, use, sell and have sold LICENSED PRODUCTS or to utilize LICENSED PROCESSES for the FIELD OF USE without further duties or responsibilities to AUBURN.

2.4 LICENSEE agrees that LICENSED PRODUCTS leased or sold in the United States shall be manufactured substantially in the United States, per the terms provided in 37 CFR 401.14(i) when applicable.

2.5 LICENSEE shall have the right to enter into sublicensing agreements for the rights, privileges and licenses granted hereunder. Upon any termination of this Agreement, SUBLICENSEES' rights shall also terminate, subject to Article 13.7 hereof.

2.6 LICENSEE agrees that any sublicenses granted by it:

- (a) are subject to this Agreement;
- (b) will reflect that any SUBLICENSEE will not further sublicense;
- (c) will prohibit SUBLICENSEE from paying royalties to an escrow or other similar account;
- (d) will provide that the obligations to AUBURN of Articles 2, 5, 7, 8, 9, 10, 12, 13, 15 and 16 of this Agreement shall be binding upon the SUBLICENSEE as if it were a party to this Agreement.

LICENSEE further agrees to attach copies of these Articles to sublicense agreements.

2.7 LICENSEE agrees to forward to AUBURN a copy of any and all sublicense and option agreements promptly upon execution by the parties.

2.8 LICENSEE shall not receive from SUBLICENSEES anything of value in lieu of cash payments in consideration for any sublicense under this Agreement, without the express prior written permission of AUBURN.

2.9 The license granted hereunder shall not be construed to confer any rights upon LICENSEE by implication, estoppel or otherwise as to any technology not specifically set forth in Appendix A hereof.

ARTICLE 3 - DUE DILIGENCE

3.1 LICENSEE shall use its commercially reasonable efforts to bring one or more LICENSED PRODUCTS or LICENSED PROCESSES to market through a thorough, vigorous and diligent program for exploitation of the PATENT RIGHTS and to continue active, diligent marketing efforts for one or more LICENSED PRODUCTS or LICENSED PROCESSES throughout the life of this Agreement.

3.2 In addition, LICENSEE shall adhere to the following performance milestones:

Milestone A:

Milestone B, etc.:

3.3 No later than sixty (60) days after the end of each LICENSE YEAR, LICENSEE shall provide to AUBURN a written annual progress report describing progress by LICENSEE and any SUBLICENSEE(S) on research and development, regulatory approvals, manufacturing, sublicensing, marketing and sales during the most recent LICENSE YEAR and plans for the forthcoming LICENSE YEAR. If multiple technologies are covered by the license granted hereunder, the progress report shall provide the information set forth above for each technology. LICENSEE also shall provide any additional data AUBURN reasonably requires to evaluate LICENSEE'S performance and compliance with the terms of this Agreement.

3.4 Except as otherwise noted, LICENSEE's failure to perform in accordance with Articles 3.1, 3.2, 3.3 above shall be grounds for AUBURN to terminate this Agreement pursuant to Article 13.2 hereof.

ARTICLE 4 - ROYALTIES

4.1 For the rights, privileges and license granted hereunder, LICENSEE shall pay royalties to AUBURN in the manner hereinafter provided until the earlier of (1) expiration of this Agreement as set forth under Article 2.3; or (2) the date this Agreement shall be terminated, subject to Article 13.6:

- (a) License Issue Fee of _____, which said License Issue Fee shall be deemed earned and due within thirty (30) days of the Effective Date and subject to the terms of Article 13.2.
- (b) Running Royalties in an amount equal to _____ percent (____%) of NET SALES of the LICENSED PRODUCTS and LICENSED PROCESSES used, leased or sold by and/or for LICENSEE and/or its SUBLICENSEES. If a LICENSED PRODUCT is bundled in a larger device, the fair market value of a stand alone LICENSED PRODUCT will be used as the royalty base to calculate the royalty.
- (c) LICENSEE shall pay License Maintenance Fees due on the first day of a given LICENSE YEAR on and according to the following schedule:

Second LICENSE YEAR:	\$X
Third LICENSE YEAR:	\$Y
Fourth LICENSE YEAR and every LICENSE YEAR thereafter:	\$Z;

provided, however, that Running Royalties subsequently due on NET SALES for each said LICENSE YEAR, if any, shall be creditable against the License Maintenance Fee for said LICENSE YEAR. License Maintenance Fees paid in excess of Running Royalties shall not be creditable to Running Royalties for future LICENSE YEARS.

- (d) In addition to Running Royalties, LICENSEE shall pay AUBURN a percentage on all non-royalty consideration for the LICENSED PRODUCTS and LICENSED PROCESSES received by LICENSEE from any SUBLICENSEE. Such percentage

shall be set at the time of execution of the sublicense and shall be fixed for the life of the sublicense. Further, such set percentage shall be based upon LICENSEE's achievement of milestones as defined in Article 3.2 at the time of execution of the sublicense according to the following schedule:

Before achieving Milestone A: 75%

After achieving Milestone A, but before B: 50% (for example)

After achieving Milestone B, but before C: 35% (for example)

- (e) *[In case of equity deal, typically involving start-up companies]* LICENSEE shall issue to AUBURN a non-revocable X per cent (X%) of the outstanding shares of LICENSEE at the time of Agreement execution. Transfer to AUBURN of such shares shall be within ninety (90) days of the Effective Date. Such stock shares shall be fully dilutable, but only concurrent with dilution of, and to no greater extent of dilution than, the stock held by the principals in the LICENSEE at the time of Agreement execution. *[Can also make them non-dilutable to a certain point, based on preferences and method of valuation.]* The shareholders' agreement shall include the following provisions: (i) AUBURN's interest shall be a profits interest only, with no obligation to contribute capital or receive capital other than accumulated and undistributed profits; (ii) shareholders contributing capital shall receive a preferred return on the capital and preferred distributions of that return and the capital contributed; (iii) the board of directors may issue other shareholder interests on any terms and conditions it chooses (and it is anticipated that outside investors will be solicited to contribute capital in exchange for a preferred membership interest); (iv) non-competition, non-circumvention and confidentiality provisions; and (v) the right for AUBURN to appoint one person to LICENSEE's board of directors, subject to LICENSEE's approval, but this shall not give AUBURN a controlling vote on the board.

4.2 All payments due hereunder shall be paid in full, without deduction of wire transfer fees or other fees which may be imposed by any third party and which shall be paid by LICENSEE. If payments due AUBURN are made by wire transfer, an additional Twenty-Five dollars (US\$25) shall be added to each payment to cover AUBURN's bank fees.

4.3 No multiple royalties shall be payable because any LICENSED PRODUCT, its manufacture, use, lease or sale are or shall be covered by more than one PATENT RIGHTS patent application or PATENT RIGHTS patent licensed under this Agreement.

4.4 AUBURN is exempt from paying income taxes under U.S. law. Therefore, all payments due under this Agreement shall be made without deduction for taxes, assessments, or other charges of any kind which may be imposed on AUBURN by any government, including those outside of the United States, or any political subdivision of such government with respect to any amounts payable to AUBURN pursuant to this Agreement. All such taxes, assessments, or other charges shall be assumed by LICENSEE.

4.5 All payments due hereunder shall be paid in United States dollars and sent to AUBURN according to Article 14. If such payments are not received by AUBURN when due, LICENSEE shall pay to AUBURN 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 AUBURN.

4.6 Unless stated otherwise, no payment made to AUBURN is refundable or may be offset, including any amounts paid under this Agreement prior to or during the period of a LICENSEE PATENT CHALLENGE under Article 16.5, even if the LICENSEE PATENT CHALLENGE is successful or it is otherwise determined that the PATENT RIGHTS are invalid or unenforceable.

ARTICLE 5 - REPORTS AND RECORDS

5.1 LICENSEE shall keep full, true and accurate books of account containing all particulars that may be necessary for the purpose of showing the amounts payable to AUBURN hereunder. Said books of account 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 pertains. Said books and the supporting data shall be open at all reasonable times for five (5) years following the end of the calendar year to which they pertain, to the inspection of AUBURN or its agents for the purpose of verifying LICENSEE's royalty statement or compliance in other respects with this Agreement. If any amounts due AUBURN have been underpaid, then LICENSEE shall immediately pay AUBURN the amount of such underpayment plus accrued interest due in accordance with Section 4.5. If the amount of underpayment is equal to or greater than 10% of the total amount due for the records so examined, LICENSEE will pay the cost of such audit, in addition to the underpayment and accrued interest due.

5.2 After the first commercial sale of a LICENSED PRODUCT or LICENSED PROCESS, LICENSEE, within sixty (60) days after March 31, June 30, September 30 and December 31, of each year, shall deliver to AUBURN true and accurate reports, giving such particulars of the business conducted by LICENSEE and its SUBLICENSEES during the preceding three-month period under this Agreement as shall be pertinent to a royalty accounting hereunder. These shall include at least the following:

- (a) number of LICENSED PRODUCTS manufactured and sold by and/or for LICENSEE and all SUBLICENSEES;
- (b) total billings for LICENSED PRODUCTS sold by and/or for LICENSEE and all SUBLICENSEES;
- (c) accounting for all LICENSED PROCESSES used or sold by and/or for LICENSEE and all SUBLICENSEES;
- (d) deductions applicable as provided in Article 1 under definition of "NET SALES";
- (e) royalties due on additional payments from SUBLICENSEES under Article 4.1(d);

- (f) total royalties due; and
- (g) names and addresses of all SUBLICENSEES of LICENSEE.

5.3 With each such report submitted, LICENSEE shall pay to AUBURN the royalties due and payable under this Agreement. If no royalties shall be due, LICENSEE shall so report.

5.4 On or before the ninetieth (90th) day following the close of LICENSEE's fiscal year, LICENSEE shall provide AUBURN with LICENSEE's certified financial statements for the preceding fiscal year including, at a minimum, a balance sheet and an operating statement.

ARTICLE 6 - PATENT PROSECUTION

6.1 AUBURN shall apply for, seek prompt issuance of, and maintain during the term of this Agreement the PATENT RIGHTS in the United States and in the foreign countries listed in Appendix A hereto. Appendix A may be amended by verbal agreement of both parties, such agreement to be confirmed in writing within ten (10) days. PATENT PROSECUTION shall be the primary responsibility of AUBURN; provided, however, LICENSEE shall have reasonable opportunities to advise AUBURN and shall cooperate with AUBURN in such PATENT PROSECUTION.

6.2 Payment of all fees and costs relating to PATENT PROSECUTION shall be the responsibility of LICENSEE, whether such fees and costs were incurred before or after the date of this Agreement.

6.3 In the event LICENSEE elects not to support the filing of a patent application under the PATENT RIGHTS or decides to discontinue support of PATENT PROSECUTION of any such application or part thereof or maintenance of any patent issued thereon, or if LICENSEE elects not to continue to pay the patent expenses under the PATENT RIGHTS, in any country, LICENSEE shall give AUBURN thirty (30) days advance written notification. AUBURN may at its own expense file, prosecute, and/or maintain any such patent application or patent, as the case may be, in such country, and LICENSEE shall thereafter have no rights under this Agreement to any such patent application or patent.

6.4 *[In case of technologies that require certain regulatory approvals in human or animal health]* AUBURN and LICENSEE agree that the term of patents under the PATENT RIGHTS shall be extended by all means provided by law or regulation, including without limitation extensions provided under United States law at 35 U.S.C. §§154(b) and 156 or under equivalent legislation throughout the world including supplementary protection certificates in the EU. The Parties hereby agree to provide each other and patent counsel with all necessary assistance in securing such extensions, including without limitation, providing all information regarding applications for regulatory approval, approvals granted, and the timing of same. LICENSEE acknowledges that extensions under 35 U.S.C. §156 must be applied for within sixty (60) days of the date that a LICENSED PRODUCT receives permission under the provision of law under which the applicable regulatory review period occurred for

commercial marketing or use. LICENSEE warrants that it will promptly provide the necessary information or assistance to AUBURN to timely pursue any such patent extensions.

ARTICLE 7 - INFRINGEMENT

7.1 LICENSEE shall inform AUBURN promptly in writing of any alleged infringement of the PATENT RIGHTS by a third party of which LICENSEE becomes aware and of any available evidence thereof.

7.2 During the term of this Agreement, AUBURN shall have the right, but shall not be obligated, to prosecute at its own expense all infringements of the PATENT RIGHTS and, in furtherance of such right, LICENSEE hereby agrees that AUBURN may include LICENSEE as a party plaintiff in any such suit, without expense to LICENSEE. The total cost of any such infringement action commenced or defended solely by AUBURN shall be borne by AUBURN and AUBURN shall keep any recovery or damages for past infringement derived therefrom.

7.3 If within six (6) months after having been notified of any alleged infringement, AUBURN shall have been unsuccessful in persuading the alleged infringer to desist and shall not have brought and shall not be diligently prosecuting an infringement action, or if AUBURN shall notify LICENSEE at any time prior thereto of its intention not to bring suit against any alleged infringer for the FIELD OF USE, then, and in those events only, LICENSEE shall have the right, but shall not be obligated, to prosecute at its own expense any infringement of the PATENT RIGHTS for the FIELD OF USE, and LICENSEE may, for such purposes, use the name of AUBURN as party plaintiff. No settlement, consent judgment or other voluntary final disposition of the suit may be entered into without the consent of AUBURN, which consent shall not unreasonably be withheld. LICENSEE shall indemnify AUBURN against any order for costs that may be made against AUBURN in such proceedings.

7.4 In the event that LICENSEE shall undertake the enforcement and/or defense of the PATENT RIGHTS by litigation, LICENSEE may withhold up to fifty percent (50%) of the payments otherwise thereafter due AUBURN under Article 4 hereunder and apply the same toward reimbursement of up to half of LICENSEE's expenses, including reasonable attorneys' fees, in connection therewith. Any recovery of damages by LICENSEE for each such suit shall be applied first in satisfaction of any unreimbursed expenses and legal fees of LICENSEE pertaining to such suit, and next toward reimbursement of AUBURN for any payments under Article 4 past due or withheld and applied pursuant to this Article 7, with both such reimbursements to be first applied from any compensatory damage award. The balance remaining from any such recovery of damages shall be divided between LICENSEE and AUBURN as follows: (i) any remaining compensatory damage award shall be treated as NET SALES, with royalty payments due as defined under Article 4.1(b); and (ii) any punitive damage award shall be treated as non-royalty consideration and shared under the terms of Article 4.1(d) as if a sublicense had been executed on the day the suit was first filed.

7.5 In the event that a declaratory judgment action alleging invalidity of any of the PATENT RIGHTS shall be brought against LICENSEE, AUBURN, at its option, shall have the right,

within thirty (30) days after commencement of such action, to intervene and take over the sole defense of the action at its own expense.

7.6 In any infringement suit as either party may institute to enforce the PATENT RIGHTS pursuant to this Agreement, the other party hereto shall, at the request and expense of the party initiating such suit, cooperate in all respects and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like.

7.7 LICENSEE shall have the sole right in accordance with the terms and conditions herein to sublicense any alleged infringer for the FIELD OF USE for future use of the PATENT RIGHTS. Any payments received under such a sublicense shall be shared under the terms of Article 4. If a suit was filed against the alleged infringer before such sublicense was executed, then for purposes of determining revenue sharing under Article 4.1(d), the execution date of the sublicense shall be the date the suit was first filed.

ARTICLE 8 - PRODUCT LIABILITY

8.1 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, including legal expenses and reasonable attorneys' fees, arising out of the death of or injury to any person or persons or out of any damage to property, or resulting from the production, manufacture, sale, use, lease, consumption or advertisement of the LICENSED PRODUCT(s) and/or LICENSED PROCESS(es) or arising from any obligation of LICENSEE hereunder, excepting only claims that the PATENT RIGHTS infringe third party intellectual property.

8.2 LICENSEE shall obtain and carry in full force and effect commercial, general liability insurance that shall protect LICENSEE and AUBURN with respect to events covered by Article 8.1 above. Such insurance shall be written by a reputable insurance company authorized to do business in the State of Alabama, shall list AUBURN as an additional insured thereunder, shall be endorsed to include product liability coverage and shall require thirty (30) days written notice to be given to AUBURN prior to any cancellation or material change thereof. The limits of such insurance shall not be less than Three Million Dollars (\$3,000,000) per occurrence with an aggregate of Five Million Dollars (\$5,000,000) for personal injury or death, and Three Million Dollars (\$3,000,000) per occurrence with an aggregate of Five Million Dollars (\$5,000,000) for property damage. LICENSEE shall regularly provide AUBURN with current Certificates of Insurance evidencing the same. The minimum amounts of insurance coverage required shall not be construed to create a limit of LICENSEE's liability with respect to its indemnification obligations under this Agreement.

8.3 EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, AUBURN, ITS TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES, AND AFFILIATES MAKE NO REPRESENTATIONS AND EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, VALIDITY OF PATENT RIGHTS CLAIMS, ISSUED

OR PENDING, AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS A REPRESENTATION MADE OR WARRANTY GIVEN BY AUBURN THAT THE PRACTICE BY LICENSEE OF THE LICENSE GRANTED HEREUNDER SHALL NOT INFRINGE THE PATENT, COPYRIGHT, TRADEMARK OR OTHER INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY. IN NO EVENT SHALL AUBURN, ITS TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGE OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER AUBURN SHALL BE ADVISED, SHALL HAVE OTHER REASON TO KNOW, OR IN FACT SHALL KNOW OF THE POSSIBILITY.

ARTICLE 9 - EXPORT CONTROLS

It is understood that AUBURN is subject to United States laws and regulations controlling the export of technical data, computer software, laboratory prototypes and other commodities (including the Arms Export Control Act, as amended and the Export Administration Act of 1979), and that its obligations hereunder are contingent on compliance with applicable United States export laws and regulations. The transfer of certain technical data and commodities may require a license from the cognizant agency of the United States Government and/or written assurances by LICENSEE that LICENSEE shall not export data or commodities to certain foreign countries without prior approval of such agency. AUBURN neither represents that a license shall not be required nor that, if required, it shall be issued.

ARTICLE 10 - NON-USE OF NAMES

LICENSEE shall obtain the prior written approval of AUBURN, or the AUBURN Inventors listed on the PATENT RIGHTS, prior to making use of their names or trademarks for any commercial purpose, except as required by law. As an exception to the foregoing, both LICENSEE and AUBURN shall have the right to disclose the existence of this Agreement; however, neither LICENSEE nor AUBURN shall disclose any terms and conditions of this Agreement without the other party's consent, except as required by law.

ARTICLE 11 - ASSIGNMENT

This Agreement is not assignable and any attempt to do so shall be void.

ARTICLE 12 - DISPUTE RESOLUTION

12.1 In the event of a dispute between the parties, the parties agree to pursue negotiation of a settlement in good faith. Should this fail to resolve the dispute, the parties shall be free to pursue resolution through mediation where a mutually agreed upon neutral third party assists the disputants in reaching a negotiated settlement, but has not the authority to bind either party to any resolution. For any financial claim against AUBURN which cannot be resolved through negotiation or mediation, LICENSEE's sole option is to file a claim consistent with Alabama state law.

12.2 Notwithstanding the foregoing, nothing in this Article shall be construed to waive any rights or timely performance of any obligations existing under this Agreement.

ARTICLE 13 - TERMINATION

13.1 If LICENSEE shall cease to carry on its business, this Agreement shall terminate upon written notice by AUBURN. Further, this Agreement shall terminate automatically if LICENSEE becomes bankrupt or insolvent and/or if the business of LICENSEE is placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise.

13.2 If the License Issue Fee is not paid within the timeframe indicated in Article 4.1(a), AUBURN may notify LICENSEE in writing that this Agreement is immediately null and void. Further, if LICENSEE fails to perform or violates any term of this Agreement, including but not necessarily limited to being delinquent on any report, payment or performance milestone, then AUBURN may give written notice of default ("Notice of Default") to LICENSEE. If LICENSEE fails to cure the default within thirty (30) days of the Notice of Default, AUBURN may terminate this Agreement and the license granted herein by a second written notice ("Notice of Termination") to LICENSEE. If a Notice of Termination is sent to LICENSEE, this Agreement shall automatically terminate on the effective date of that notice. Termination shall not relieve LICENSEE of its obligation to pay any fees owed at the time of termination and shall not impair any accrued right of AUBURN.

13.3 AUBURN may terminate this Agreement upon written notice to LICENSEE in the event of: 1.) a LICENSEE PATENT CHALLENGE (under Article 16.5) or 2.) LICENSEE issuing a press release, public announcement, or news release alleging invalidity or unenforceability of the PATENT RIGHTS.

13.4 LICENSEE shall have the right to terminate this Agreement at any time and for any reason upon one hundred twenty (120) days' written notice to AUBURN, and upon payment of all amounts due AUBURN through the effective date of the termination. Said notice shall state LICENSEE's reason for terminating this Agreement.

13.5 If LICENSEE files any patent applications or has patents issued based on work made possible by the exercise of this Agreement prior to termination ("Enabled Patent Rights"), upon termination of this Agreement for any reason and by either party prior to the natural expiration of the Term, LICENSEE shall notify AUBURN of the Enabled Patent Rights and shall further grant to AUBURN a fully paid-up, irrevocable, non-exclusive license to the Enabled Patent Rights with the right to grant sublicenses to third parties.

13.6 Upon termination of this Agreement for any reason, nothing herein shall be construed to release either party from any obligation that matured prior to the effective date of such termination; and Articles 1, 8, 9, 10, 13.5, 13.6, 13.7, 15 and 16 shall survive any such termination. LICENSEE and any SUBLICENSEE thereof may, however, for a period of one hundred and twenty (120) days after the

effective date of such termination, sell all LICENSED PRODUCTS, and complete LICENSED PRODUCTS in the process of manufacture at the time of such termination and sell the same, provided that LICENSEE shall make the payments to AUBURN as required by Article 4 of this Agreement and shall submit the reports required by Article 5 hereof. Upon completion of such six (6) month period, LICENSEE shall provide to AUBURN any or all remaining LICENSED PRODUCTS upon written notice by AUBURN.

13.7 Upon termination of this Agreement for any reason, any SUBLICENSEE not then in default shall have the right to seek a license from AUBURN. AUBURN agrees to negotiate such licenses in good faith under reasonable terms and conditions.

ARTICLE 14 – PAYMENTS, NOTICES AND OTHER COMMUNICATIONS

Any payment, notice or other communication pursuant to this Agreement shall be sufficiently made or given on the date of mailing if sent to such party by certified first class mail, postage prepaid, addressed to it at its address below or as it shall designate by written notice given to the other party:

In the case of AUBURN:

Director
Innovation Advancement and Commercialization
Auburn University
570 Devall Drive, Suite 102
Auburn, AL 36832, USA

In the case of LICENSEE:

<title>
<company>
<address 1>
<address 2>
<address 3>

ARTICLE 15 - CONFIDENTIALITY

15.1 The receiving Party shall maintain for a period of three (3) years from expiration or termination of this Agreement the confidentiality of any and all information disclosed by the disclosing Party (hereinafter "Confidential Information") pursuant to this Agreement, provided such information is marked or designated as being confidential at the time of disclosure or is so designated in writing within thirty (30) days of such disclosure. The foregoing notwithstanding, Confidential Information provided to the receiving Party by or on behalf of the disclosing Party that, by its nature and content, would be readily recognized by a reasonable person to be confidential or proprietary to the disclosing Party shall also be deemed Confidential Information of the disclosing Party irrespective of any marking or designation. This term for confidentiality shall survive any termination of this Agreement. Confidential Information shall remain the property of the disclosing Party.

15.2 The receiving party will have no such confidential obligation with respect to any information which:

- (a) information which is now or hereafter becomes a part of the public domain; or
- (b) information known to the receiving party before disclosure to it by the disclosing party hereunder as evidenced by its records; or

- (c) information given to the receiving party by a third party having a right to disclose the same; or
- (d) information which is hereinafter independently developed by the receiving party without reference to or benefit from the Confidential Information received from the disclosing party; or
- (e) information which the receiving party is compelled to publicly disclose by judicial or administrative process, or by other mandatory requirements of law.

15.3 Receiving party agrees to protect the Confidential Information from further disclosure by taking reasonable and customary precautions, but in no event less than the equivalent precautions as used to protect Confidential Information of the receiving party.

ARTICLE 16 - MISCELLANEOUS PROVISIONS

16.1 This Agreement shall be construed, governed, interpreted and applied in accordance with and under the jurisdiction of the laws of the State of Alabama, U.S.A., notwithstanding the residence or principal place of business of any party, the place where this Agreement may be executed by any party or the provisions of any jurisdiction's conflict-of-laws principles, provided that questions affecting the scope and validity of any patent shall be determined by the law of the country in which the patent was granted.

16.2 The parties hereto acknowledge that this Agreement sets forth the entire Agreement and understanding of the parties hereto as to the subject matter hereof, and all prior representations and warranties have been merged into this document and are thus superseded in totality by this Agreement. This Agreement shall not be subject to any change or modification except by the execution of a written instrument subscribed to by the parties hereto. Further, this Agreement shall be deemed to have been drafted by both parties and, in the event of a dispute, neither party shall be entitled to claim that any provision should be construed against the other party by reason of the fact that it was drafted by the other party.

16.3 The provisions of this Agreement are severable, and in the event that any provisions 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.

16.4 LICENSEE agrees to mark the LICENSED PRODUCTS sold in the United States with all applicable United States patent numbers. All LICENSED PRODUCTS shipped to or sold in other countries shall be marked in such a manner as to conform with the patent laws and practice of the country of manufacture or sale.

16.5 LICENSEE warrants that it will not initiate a LICENSEE PATENT CHALLENGE before termination of this Agreement under Article 13.

16.6 The failure of either party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party.

16.7 No provision of this Agreement shall constitute or be construed as a limitation, abrogation, or waiver of any defense or limitation of liability available to the State of Alabama or its units (including, without limitation, AUBURN), officials, or employees under Alabama or Federal law, including without limitation the defense of sovereign immunity or any other governmental immunity.

IN WITNESS WHEREOF, the parties have duly executed this Agreement the day and year set forth below.

LICENSEE

AUBURN UNIVERSITY

By: _____
Name: _____
Title: _____
Date: _____

By: _____
for Jennifer Kerpelman
Interim Vice President for Research
Date: _____

APPENDIX A

UNITED STATES PATENT RIGHTS

AUBURN Case No. _____:

- U.S. Patent Application Entitled “ _____ ”

U.S. Patent Application Number _____

Inventors: _____

Filing Date: _____

FOREIGN PATENT RIGHTS

1. Foreign patent applications and patents within the PATENT RIGHTS as of Effective Date:

For AUBURN Case No. _____:

- PCT Patent Application Entitled “ _____ ”

PCT Patent Application (or Patent Issue) Number _____

Inventors: _____

Filing Date: _____

2. Foreign countries in which PATENT RIGHTS shall be filed, prosecuted and maintained in accordance with Article 6:

For AUBURN Case No. _____: