

Model Agreements

Version July 25, 2018

Table of Contents

MATERIAL TRANSFER AGREEMENT – ACADEMIC	2
MATERIAL TRANSFER AGREEMENT - COMMERCIAL.....	7
CONTRACT RESEARCH AGREEMENT	14
SPONSORED RESEARCH AGREEMENT	30
COLLABORATIVE RESEARCH AGREEMENT BETWEEN RESEARCH ORGANIZATIONS....	47
CONSULTANCY AGREEMENT	64
EXCLUSIVE IP LICENSE AGREEMENT	74
EXCLUSIVE IP AND TECHNOLOGY LICENSE AGREEMENT	94
EXCLUSIVE TECHNOLOGY LICENSE AGREEMENT.....	119
COPYRIGHT LICENSE AGREEMENT	141
INTER-INSTITUTIONAL LICENSE AGREEMENT	154
GUIDELINES 03 RIGHTS OF FIRST NEGOTIATION AND OPTIONS TO NEGOTIATE	174
GUIDELINES 04 IMPLICATIONS OF JOINT OWNERSHIP OF INTELLECTUAL PROPERTY	182
GUIDELINES 05 MATERIAL TRANSFER AGREEMENTS	189
GUIDELINES 06 RESEARCH AGREEMENTS	195
GUIDELINES 07 CONSULTING AGREEMENTS.....	213
GUIDELINES 08 EXCLUSIVE IP AND TECHNOLOGY LICENSE AGREEMENTS	217

Authorship and Acknowledgements

The Model Agreements were prepared under the direction and management of Ms. Olga Spasić (Project Leader) and authored by Mr. D. Patrick O'Reilley.

The Model Agreements are part of the World Intellectual Property Organization's (WIPO) **Intellectual Property (IP) Toolkit for Academic and Research Institutions – Connecting Academic Research with the Economy and Society**.

This publication is part of the **WIPO IP Toolkit for Academic and Research Institutions**¹, which also includes:

- **IP Policy Template for Academic and Research Institutions:** A compendium of key issues that are essential in an IP policy. Authors: Ms. Lien Verbauwhede Koglin, Mr. Richard Cahoon, Mr. Mohammed Aljafari, Ms. Hagit Messer-Yaron, Mr. Barthelemy Nyasse, Ms. Maria del Pilar Noriega Escobar and Ms. Tana Pistorius.
- **Guidelines for the Customization of the IP Policy Template:** An explanatory guide to adapt the IP Policy Template to the varied legal frameworks, cultural contexts, and local ecosystems in which institutions operate. Authors: Ms. Lien Verbauwhede Koglin, Ms. Kerry Faul and Mr. Richard Cahoon.
- **IP Policy Writers' Checklist:** Practical guidance and step by step information on the different stages the process of creating or improving an IP Policy usually involves. Author: Ms. Lien Verbauwhede Koglin.
- **Academic Intellectual Assets MAP:** Designed to assist the Toolkit User to understand the broad scope of potential assets that an academic institution owns or may own. Prepared under the direction and management of Ms. Olga Spasić (Project Leader). Authors: Mr. Steven Tan and Dr. John Fraser.
- **Case studies:** Five Hypothetical Case Studies, which correspond and make reference to several of the Model Agreements. Prepared under the direction and management of Ms. Olga Spasić (Project Leader). Authors: Ms. Hagit Messer-Yaron and Dr. Keren Primor.

¹ The Toolkit provides a one-stop-shop for academic and research institutions that seek guidance in the course of shaping and implementing their institutional IP policies. A copy can be found on the [WIPO website](#).

Material Transfer Agreement – Academic

IN THIS AGREEMENT, effective as of the _____ day of _____, [year]

^{*2} _____, a ^{*3} _____, located at ^{*4} _____ (“the Owner”)

AND

^{*} _____, a _____, located at _____ ^{*5} (“the Recipient”)

AGREE AS FOLLOWS:

BACKGROUND:

- A. The Owner owns or has rights to the Material.
- B. The Recipient has asked the Owner to provide a sample of the Material to the Recipient.

1. MEANINGS

In this Agreement:

Investigator means ^{*6}

Material means ^{*7}

New IP means inventions (whether patentable or not); discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products; prototypes; processes; know-how; routines; specifications; drawings; trade secrets; technology methods; works in respect to which copyright subsists; and other knowledge, arising from the Recipient’s use of the Material

Purpose means research purposes.

2. PROVISION OF MATERIAL

2.1 The Owner will provide the Material to the Recipient.

² Insert legal name of Owner party.

³ Insert legal nature of the Owner party, such as “a corporation organized under the laws of” a country or state; “a limited liability company organized under the laws of” a country or state; “a natural person”; “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

⁴ Insert the address of the Owner of the Material.

⁵ Insert the name, legal nature and address of the Recipient to which the Material will be provided.

⁶ Insert the name of the Investigator that will have supervision of the use of the Material

⁷ Insert a full description of the Material to be provided, as well as the quantity to be provided.

2.2 If the Owner requires reimbursement of the out of pocket expenses of transportation of the Material to the Recipient, the Owner will provide an invoice for those out of pocket expenses, and the Recipient will pay that invoice within 30 days.

3. POSSESSION OF MATERIAL

3.1 The Recipient warrants that it has any regulatory approval, license or consent necessary or required by any law, or any government agency or other body to receive and possess the Material.

3.2 The Recipient agrees that only the Investigator, and persons supervised by the Investigator, will have access to the Material.

3.3 The Recipient warrants that the Investigator is an employee of the Recipient.

3.4 The Recipient agrees not to transfer or permit the transfer of the Material, or any part of the Material, to another person without the Owner's prior written consent.

4. SAFETY

4.1 The Recipient acknowledges that the Material may be toxic or may contain infectious agents, or other substances that are hazardous, dangerous, or harmful to persons or property.

4.2 The Recipient shall safely handle and store, and cause its employees to safely handle and store, the Material in a manner reasonably designed to prevent any harm to any person or property.

4.3 The Recipient warrants that it is aware of all requirements for the safe handling and storage of the Material and has all facilities that are required for the safe handling and storage of the Material.

5. USE OF MATERIAL

5.1 The Recipient may use the Material only for the Purpose, and must not use the Material for any other purpose.

5.2 The Recipient shall be responsible for use of the Material by its employees or agents.

5.3 The Recipient, for itself and its agents, assumes all risks associated with use of the Material.

5.4 The Recipient may not use the Material for any commercial purpose.

5.6 The Recipient may not use the Material on human subjects.

5.7 The Recipient must comply with all laws, and with all applicable codes of conduct, in relation to the use of the Material.

5.8 Where any ethics approval of any person or body is required to use the Material, the Recipient must:

- (a) obtain that ethical approval, and
- (b) comply with all conditions of that ethical approval.

5.9 The Recipient may not file any patent application or any other application for the statutory protection of the Material, without the prior written consent of the Owner.

6. NEW IP

6.1 Any New IP shall be owned by the Recipient.

6.2 *The Recipient is not obliged to disclose the New IP to the Owner, but may do so.

** In consideration for permitting the transfer to and use by Recipient of the Material, Recipient will disclose to Owner any New IP on which Recipient has filed a patent application and hereby grants Owner a non-exclusive, royalty-free license under such New IP for research purposes only.⁸

7. PUBLICATIONS

7.1 The Recipient may publish a paper which refers to the Material without the prior consent of the Owner.

7.2 Any such publication must acknowledge the Owner's ownership of the Material, and that the Owner provided the Material to the Recipient.

8. GOVERNING LAW

This Agreement is made and entered into in [state and/or country],⁹ and this Agreement will be construed and applied under the law thereof. The parties agree to submit themselves to the non-exclusive jurisdiction of the courts in that place.

9. NO LICENSE

Nothing in this Agreement grants Recipient any right or license to use or practice any intellectual property owned by Owner, provided, however, that Owner will not enforce its intellectual property against Recipient's use of Material as permitted by this Agreement.

⁸ This alternative paragraph may be appropriate if Recipient could obtain patent protection on an invention derived from the Material that could interfere with Owner's research with the Material. While in some countries patents cannot be used to obstruct medical research, this alternative provision would be of value in the other countries or where the Material is not related to medical research.

⁹ Insert the jurisdiction that you want to govern this Agreement. Refer to the Guidelines on the choice to be made here.

SIGNATURES OF PARTIES

**SIGNED on behalf *
of**

**SIGNED on behalf *
of**

Signature

Signature

Print Name

Print Name

Date

Date

Material Transfer Agreement - Commercial

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

^{*10} _____, a ^{*11} _____, located at ^{*12} _____ (“the Owner”)

AND

* _____, a* _____, located at ^{*13} _____ (“the Recipient”)

AGREE AS FOLLOWS:

BACKGROUND:

- A. The Owner owns or has rights to the Material.
- B. The Recipient has asked the Owner to provide a sample of the Material to the Recipient, as well as the Confidential Information.
- C. The Material and the Confidential Information have a unique value to the Owner, and the Owner will suffer irreparable harm by any unauthorised use or disclosure of the Material or Confidential Information.

THIS AGREEMENT PROVIDES

1. MEANINGS

In this Agreement:

Affiliate means any corporation or non-corporate business entity which controls, is controlled by, or is under common control with a party, and for that purpose control means the ownership or direct or indirect control of at least 50% of the voting shares of another corporation, or having directly or indirectly the power to direct or cause the direction of the management and policies of another corporation or non-corporate business entity.

Confidential Information means all information that is labeled or identified at the time of disclosure under this Agreement as confidential or proprietary to the Owner, including inventions; discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products; prototypes; processes; names; know-how; routines; specifications; drawings; trade secrets; technology methods; computer programs; works in respect to which copyright subsists; circuit board layouts;

¹⁰ Insert legal name of Owner party.

¹¹ Insert legal nature of the Owner party, such as “a corporation organized under the laws of” a country or state; “a limited liability company organized under the laws of” a country or state; “a natural person”; “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

¹² Insert the address of the Owner of the Material.

¹³ Insert the legal name, legal nature, and address of the Recipient to which the Material will be provided.

business plans; marketing plans; strategies; market analysis; feasibility plans; concept documents; expert's reports; forecasts; projections; methodologies; financial accounts; financials statements; cash flow statements; valuations; and other knowledge. The Confidential Information may also specifically include, but is not limited to, *¹⁴.

Derivative means any material that is derived from or based upon the Material, whether or not progeny, and whether modified, or unmodified.

Investigator means *¹⁵

Material means *¹⁶

New IP means such of the following as arise from Recipient's possession or use of the Material or Confidential Information under this Agreement:

- (a) Derivative
- (b) inventions (whether patentable or not); discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products; prototypes; processes; know-how; routines; specifications; drawings; trade secrets; technology methods; works in respect to which copyright subsists; and other knowledge.

Purpose means using the Material in accordance with the Work Plan.

Work Plan means the work plan set out in the Schedule.¹⁷

2. PROVISION OF MATERIAL

2.1 The Owner will provide the Material to the Recipient.

2.2 If the Owner requires reimbursement of the out of pocket expenses of transportation of the Material to the Recipient, the Owner will provide an invoice for those out of pocket expenses, and the Recipient will pay that invoice within 30 days.

3. POSSESSION OF MATERIAL

3.1 The Recipient warrants that it has any regulatory approval, license or consent necessary or required by any law, or any government agency or other body, to receive and possess the Material.

3.2 The Recipient agrees that only the Investigator, and persons supervised by the Investigator, will have access to the Material.

3.3 The Recipient warrants that the Investigator is an employee of the Recipient.

3.4 The Recipient agrees not to transfer or permit the transfer of the Material, or any part of the Material, to another person without the Owner's prior written consent.

3.5 Upon the Owner's written request, the Recipient must promptly return all quantities of the Material to the Owner.

¹⁴ Consider referring to types or categories of Confidential Information proposed to be disclosed. The more accurately Confidential Information is identified, the greater the protection afforded to the Confidential Information. If you do not intend to specify particular Confidential Information, delete this sentence.

¹⁵ Insert the name of the Investigator that will have supervision of the use of the Material

¹⁶ Insert a full description of the Material to be provided, as well as the quantity to be provided.

¹⁷ The Schedule should describe the scope of approved use of the Material by the Recipient.

4. SAFETY

4.1 The Recipient acknowledges that the Material may be toxic or may contain infectious agents, or other substances that are hazardous, dangerous, or harmful to persons or property.

4.2 The Recipient shall safely handle and store, and cause its employees to safely handle and store the Material in a manner reasonably designed to prevent any harm to any person, or to property.

4.3 The Recipient warrants that it is aware of all requirements for the safe handling and storage of the Material and has all facilities that are required for the safe handling and storage of the Material.

5. USE OF MATERIAL

5.1 The Recipient may use the Material only for the Purpose, and must not use the Material for any other purpose.

5.2 The Recipient shall be responsible for use of the Material by its employees or agents.

5.3 The Recipient, for itself and its agents, assumes all risks associated with use the Material.

5.4 The Recipient may not use the Material for any commercial purpose.

5.5 The Recipient may use the Material solely in accordance with the Work Plan.

5.6 The Recipient may not analyse, modify, or conduct experiments upon the Material, or use the Material upon human subjects, unless permitted by the Work Plan, and in that case, only to the extent permitted by the Work Plan.

5.7 The Recipient must comply with all laws, and with all applicable codes of conduct in relation to the use of the Material.

5.8 Where any ethics approval of any person or body is required to use the Material, the Recipient must:

- (a) obtain that ethical approval, and
- (b) comply with all conditions of that ethical approval.

5.9 The Recipient may not file any patent application or any other application for the statutory protection of the Material, without the prior written consent of the Owner.

6. NEW IP - Version 1¹⁸

6.1 The Recipient shall promptly disclose any New IP to the Owner.

6.2 Recipient hereby assigns to Owner all New IP and intellectual property rights therein. Recipient agrees to sign all documents reasonably necessary to confirm this assignment.

6.3 The Recipient agrees that all New IP will be Owner's Confidential Information subject to this Agreement.

¹⁸ There are three alternative versions of clause 6, dealing with the ownership and rights of New IP arising from the Owner's use of the Material. Select one option and remove the remaining two. Refer to the Guidelines in making this choice.

6. NEW IP - Version 2

6.1 The Recipient shall own any New IP.

6.2 The Recipient must disclose any New IP to the Owner. Such New IP will be Recipient's Confidential Information and will be held in confidence by Owner and not used for any purpose without prior approval of Recipient.

6.3 The Recipient grants to the Owner a right of first refusal, exercisable within three months after the notification in clause 6.2, to negotiate an exclusive, worldwide, royalty-bearing license to commercialise the New IP upon terms that the parties will negotiate in good faith.¹⁹

6. NEW IP - Version 3

6.1 The Recipient must disclose any New IP to the Owner. Such New IP will be Confidential Information of both parties and will be held in confidence by each party for the benefit of the other party.

6.2 The Recipient hereby assigns to Owner an equal, undivided, 50% interest in any New IP and in any intellectual property therein. Recipient will sign all documents reasonably necessary to confirm this assignment.

6.3 The Owner and the Recipient will cooperate in obtaining intellectual property protection for any New IP and will share equally in the cost thereof.

6.4 Each of the Owner and the Recipient may exploit any New IP in its respective business without accounting to the other. If either party grants a license to a third party under any New IP, it shall give notice to the other party and shall remit to the other party one-half of all consideration received for such license. Neither party may assign its interest in any New IP to any third party without the prior approval of the other party.

7. PUBLICATIONS

7.1 The Recipient may not publish any paper which in any way refers to the Material without the prior written consent of the Owner. Owner may condition its consent on attribution and may withhold consent if publication would interfere with Owner's commercial interests.

8. DISCLOSURE OF CONFIDENTIAL INFORMATION

8.1 The Owner may disclose the Owner's Confidential Information to the Recipient to the extent such information, in the reasonable option of Owner, would be useful in using the Material for the Purpose.

8.2 If Confidential Information is disclosed orally, it must be confirmed in writing by the Owner within 30 days after the date of the oral disclosure, and this Agreement will apply in relation to an oral disclosure only to the extent to which it is confirmed in writing within that period.

¹⁹ Delete this clause if it is not intended to grant an option to negotiate a license. Refer to the Guidelines on Material Transfer Agreements. Or, substitute the alternative paragraph from the MTA-Academic that grants to the Owner a nonexclusive, royalty-free license under any New IP.

9. CONFIDENTIALITY

9.1 The Recipient must keep the Owner's Confidential Information secret and confidential.

9.2 Except as provided in clause 11, 12, 13 or 14 of this Agreement, the Recipient must not disclose to any person or make known in any manner any part of the Owner's Confidential Information.

9.3 The Recipient must keep the Confidential Information in a secure place to ensure that unauthorised persons do not have access to the Confidential Information.

9.4 The Recipient acknowledges that damages may be an inadequate remedy to the Owner in the event of any breach of this Agreement occurring, and that only an injunction might be adequate to properly protect the interests of the Owner.

10. USE OF CONFIDENTIAL INFORMATION

The Recipient may use the Owner's Confidential Information only for the Purpose, and must not use that Confidential Information for any other purpose.

11. DISCLOSURE WITH CONSENT

11.1 The Owner may consent to the Recipient making a disclosure or relieve the Recipient from complying with the whole or any part of this Agreement. Such a consent must be in writing.

11.2 The Owner may consent pursuant to clause 11.1 subject to conditions, including a condition that the person to whom the Recipient proposes to disclose executes in favor of the Owner a Confidentiality Agreement upon the same terms as this Agreement.

12. DISCLOSURE TO EMPLOYEES AND DIRECTORS

The Recipient may only disclose the Owner's Confidential Information only to a director, officer or employee who is bound by obligations of confidentiality to the Recipient at least to the extent imposed upon the Recipient by this Agreement and who has a need to know to fulfill the Purpose.

13. DISCLOSURE TO AFFILIATES AND ADVISERS

13.1 The Recipient may not disclose the Owner's Confidential Information to any of the Recipient's Affiliates, consultants or advisers without the Owner's prior written consent.

13.2 The Owner may consent pursuant to clause 13.1 only upon receipt of a written agreement between the Owner, and the Affiliate, consultant or adviser to which the Recipient proposes to make a disclosure, to the same terms as this Agreement, signed by that Affiliate, consultant or adviser.

14. LEGAL OBLIGATION TO DISCLOSE

14.1 If the Recipient is required by law to make a disclosure of any part of the Owner's Confidential Information the Recipient must immediately notify the Owner of that requirement and provide full particulars relating to the requirement to disclose.

14.2 Unless the Owner is able to secure some relief to the Recipient from the legal obligation to disclose the Owner's Confidential Information, the Recipient is relieved from its obligations in this Agreement, but only to the extent of the legal obligation to disclose.

15. DURATION OF CONFIDENTIALITY

Unless earlier terminated by the parties, this Agreement will expire on the * anniversary of the Effective Date.

*²⁰ The duration of the obligations upon the Recipient in this Agreement is ^{*21} years after expiration or termination of the Agreement.

* The obligations on the Recipient under this Agreement will continue indefinitely, and cease only to the extent that a part of the Owner's Confidential Information becomes subject to clause 16.

16. ENDING OF CONFIDENTIALITY

The Recipient shall be relieved from its obligations of confidentiality under this Agreement in respect to any part of the Owner's Confidential Information which the Recipient can show:

- (a) was in the possession of the Recipient as at the date of the disclosure; or
- (b) is or becomes part of the public domain otherwise than by a breach of this Agreement; or
- (c) was received in good faith from a person entitled to provide it to the Recipient without an obligation of confidentiality; or
- (d) was independently developed by employees of the Recipient who did not have access to the Confidential Information.

17. RETURN OF CONFIDENTIAL INFORMATION

17.1 The Owner may at any time by written request to the Recipient require the return of the Owner's Confidential Information.

17.2 Within seven (7) days of receipt of such a request the Recipient must deliver to the Owner all the Owner's Confidential Information in its possession together with all copies.

17.3 Any part of the Owner's Confidential Information which cannot be returned by the Recipient to the Owner shall be completely destroyed in such manner and at such time as directed by the Owner, including by deletion from all computer records and electronic or magnetic storage devices.

17.4 Notwithstanding clauses 17.2 and 17.3, the Recipient may retain one copy of the Owner's Confidential Information for the Recipient's archival record keeping and evidentiary purposes.

18. GOVERNING LAW

This Agreement is made and entered into in [state and/or country]²² and this Agreement will be construed and applied under the law thereof. The parties agree to submit themselves to the non-exclusive jurisdiction of the courts in that place.

²⁰ There are two versions of this clause to select from. Select one and delete the other. Refer to the Guidelines in relation to making this choice.

²¹ Insert a period of time to be the duration of the obligations in the Agreement. Refer to the Guidelines in relation to this.

²² Insert the jurisdiction that you want to govern this Agreement. Refer to the Guidelines on the choice to be made here.

19. NO LICENSE

Nothing in this Agreement grants Recipient any right or license to use or practice any intellectual property owned by Owner, provided, however, that Owner will not enforce its intellectual property against Recipient's use of Material as permitted by this Agreement.

SIGNATURES OF PARTIES

**SIGNED on behalf *
of**

**SIGNED on behalf *
of**

Signature _____

Signature _____

Print Name _____

Print Name _____

Date _____

Date _____

CONTRACT RESEARCH AGREEMENT

Introductory Note

There are four research agreement templates, each for a different type of research relationship. The Guidelines will help you choose which of the four research agreement templates is the most suitable for a particular situation.

The four different research agreement templates are:

1. **Contract Research Agreement**

This agreement may be used where a company will pay a full commercial fee for specified research to be performed using university facilities, and company expects to own all the intellectual property arising from the research.

2. **Sponsored Research Agreement**

This agreement may be used where a company will contribute financial or in-kind support for research to be undertaken by a university or research organisation.

3. **Collaborative Research Agreement with Company**

This agreement may be used where a university (or other research organisation) and a company will each conduct research directed to a common goal, and where new intellectual property might be created by each of them separately or jointly.

4. **Collaborative Research Agreement between Research Organisations**

This agreement may be used where two research organisations (such as universities) will each participate in related research, and where new intellectual property might be created by each of them separately or jointly.

CONTRACT RESEARCH AGREEMENT

Name of Party 1

Name of Party 2

CONTRACT RESEARCH AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

*²³ _____, a ^{*24} _____, located at ^{*25} _____ (“P1”)²⁶

AND

* _____, a _____, located at _____ ^{*27} (“P2”)²⁸

AGREE AS FOLLOWS:

BACKGROUND

- A. P1 has the skills and resources to undertake the Research Program.
- B. P2 has requested P1 to undertake the Research Program.
- C. The parties have agreed that the Research Program will be undertaken in accordance with the terms of this Agreement.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Commercialise means to sell, lease or otherwise dispose of a product or service to a third party for cash or other consideration or to advertise or promote such sale, lease or other disposition.

Confidential Information any information that is labeled or identified at the time of disclosure under this Agreement as confidential or proprietary to the Discloser, including inventions; discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products; prototypes; processes; names; know-how; routines; specifications; drawings; trade secrets; technology methods; computer programs; works in respect to which copyright subsists; circuit board layouts; business plans; marketing plans; strategies; market analysis; feasibility plans; concept

²³ Insert the formal legal name of the university or research organization.

²⁴ Insert legal nature of the university or research organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

²⁵ Insert the address of the university or research organisation that will be undertaking the research.

²⁶ Using Word’s Replace command, replace “P1” with the abbreviated name of the university or research organisation that will be undertaking the research.

²⁷ Insert the legal name, legal nature, and address of the other party.

²⁸ Using Word’s Replace command, replace “P2” with the abbreviated name of the other party.

documents; expert's reports; forecasts; projections; methodologies; financial accounts; financials statements; cash flow statements; valuations; and other knowledge.²⁹

Discloser means a party to this Agreement which discloses Confidential Information

Intellectual Property means (a) conceptions, ideas, innovations, discoveries, inventions, processes, machines, biological materials, formulae, equipment, compositions of matter, formulations, plans, specifications, drawings, improvements, enhancements, modifications, technological developments, know-how, show-how, methods, techniques, systems, designs, production systems and plans, software, documentation, data, programs and information (irrespective of whether in human or machine-readable form), integrated circuits and their design and layout, and works of authorship, whether or not patentable, copyrightable, or susceptible to any other form of legal protection, and (b) any patent, application for a patent, right to apply for a patent or similar right, copyright or other rights in the nature of copyright, circuit layout right, plant breeders right, design right or registration, or trade secret right with respect to any of the foregoing.

Key Personnel means the persons so described in the Research Program.³⁰

Milestone means an event described as a milestone in the Research Program.³¹

Project IP means Intellectual Property arising from the carrying out of the Research Program, but excludes a copyright subsisting in any Student Thesis.

Proposed Publication means a manuscript or abstract intended for publication, a paper or abstract intended to be orally presented, or any poster presentation, that includes any reference to Project IP.

Recipient means a party to this Agreement to whom Confidential Information is disclosed.

Research Funds means the funds referred to in Schedule 2.

Research Program means the program of research described in Schedule 1.

Student Thesis means a thesis by a student that is required to be examined to complete the academic requirements for the making of an academic award, which includes any reference to Project IP.

1.2 Interpretation

- (a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.
- (b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.
- (c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.
- (d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.

²⁹ Since technical and business information may be confidential, using a broad definition encompassing all types of information may prevent inadvertent omission of some category of information.

³⁰ Key personnel are those who are critical to the Research Program, such as anyone whose inability to participate, for example, as a result of illness, could justify the early termination of the Agreement. Key personnel may be not just researchers, but might also be a key person employed by the other party. If there are key personnel, identify them in the Research Program and call them Key Personnel, otherwise delete this definition.

³¹ Delete this definition if the Research Program does not refer to milestones.

- (e) Where a word or phrase is given a meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) Where a party to this Agreement is more than one person, the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.

2. DURATION

- (a) This Agreement commences on the effective date of this Agreement as set forth in the preamble to this Agreement.
- (b) Unless terminated earlier, this Agreement expires on the earlier of the date when each party has completed the performance of its obligations under this Agreement, or the ____ anniversary of the effective date. The parties may extend the Agreement by written amendment.

3. RESEARCH PROGRAM

3.1 Carrying out the Research Program

- (a) P1 shall carry out the Research Program.
- (b) P1 cannot sub-contract the carrying out of any part of the Research Program to another person, without P2's prior written consent.
- (c) P1 must not include any student in the undertaking of the Research Program, without P2's prior written consent.
- (d) P1 must keep P2 informed of all progress in the carrying out of the Research Program.
- (e) If the Research Program refers to any Intellectual Property to be made available by P2 to P1 to enable the carrying out of the Research Program, P2 grants to P1 a non-exclusive license to use that Intellectual Property solely for the purpose of the carrying out of the Research Program, and solely for the duration of this Agreement.

3.2 Diligence

The Research Program must be carried out diligently and competently, expeditiously, by properly qualified persons, and in accordance with accepted scientific and ethical principles, standards, and laboratory procedures, with any applicable codes adopted by any research council, with any applicable research conventions, and with all applicable laws, regulations and legal requirements.

3.3 Ethical and regulatory requirements

If the carrying out of the Research Program requires any consent, license, permit or approval of any ethics or similar committee or regulatory authority, this Agreement is conditional upon that consent, license, permit or approval being obtained. The parties will use their reasonable efforts to obtain that consent, license, permit or approval, and the Research Program will commence only after that consent, license, permit or approval has been obtained. The parties agree comply with any condition of any such consent, license, permit or approval. No party makes any warranty or representation as to whether that consent, license, permit or approval can be obtained, and no party will be liable to the other if that consent, license, permit or approval is not obtained. If that

consent, license, permit or approval is not obtained within [period]³² from the effective date of this Agreement, or such other time as the parties may agree in writing, either party may terminate this Agreement by written notice to the other, and if this Agreement is terminated under this clause, no party will have any liability or obligation to the other.

3.4 Variations to the Research Program

The Research Program must not be varied unless the variation is agreed upon in writing by the parties.

3.5 Milestones³³

The parties must use their reasonable endeavours to achieve the Milestones upon or before the respective dates for the achievement of those Milestones set out in the Research Program. No Milestone or the date for its achievement may be varied unless the variation is agreed upon in writing by the parties.

4. RESEARCH FUNDS

4.1 Research Funds

(a) P2 shall pay the Research Funds to P1, in the manner and by the instalments described in Schedule 2.

(b) The Research Funds are inclusive of any taxes or charges that may apply.³⁴

4.2 Invoices for Research Funds

(a) P1 shall provide an invoice to P2 for each instalment of the Research Funds referred to in Schedule 2.

(b) P2 must pay each invoice within 30 days of the date of receipt of the invoice, or upon the due date for payment set out in Schedule 2, whichever is the later.

4.3 Interest

If any amount due to be paid by P2 to P1 pursuant to this Agreement is unpaid, P2 must pay interest on the unpaid amount, from the due date for payment, until payment is made, at the rate of *³⁵ per annum.

5. KEY PERSONNEL³⁶

5.1 Use of Key Personnel

P1 must ensure that its Key Personnel participate in the Research Program.

5.2 Replacing Key Personnel that cease to participate in Research Program

If a person who is Key Personnel for any reason ceases to participate in the Research Program P1 must promptly give P2 written notice thereof, and if P2 requires that that person be replaced with a

³² Insert a suitable period to obtain any required ethics or similar approval, such as "30 days", "3 months" or whatever period is appropriate.

³³ Delete this clause if there are no Milestones mentioned in the Research Program.

³⁴ Consider any taxes or charges that may be applicable and amend accordingly.

³⁵ Insert an appropriate rate of interest.

³⁶ If you decided to delete the definition of Key Personnel from clause 1, delete the whole of this clause as well.

person of similar expertise, P1 must do so within a reasonable time. P2 may terminate this Agreement on giving 30 days written notice to P1 if any Key Personnel ceases to participate in the Research Program or if P1 fails to replace such Key Personnel when requested by P2.

6. REPORTS

6.1 Interim Reports

If the Research Program has an expected duration of six months or more, P1 must deliver, or cause to be delivered, to P2 interim reports throughout the duration of the Research Program, at no less a frequency than once every three months. Each interim report must address the progress to date of the Research Program, a schedule of anticipated efforts toward completing the Research Program, any new Project IP arising from the Research Program, and anything else that P2 reasonably requests.

6.2 Final Report

P1 must deliver, or cause to be delivered, to P2 a final report within thirty (30) days after the conclusion of the Research Program. The final report must address all progress toward the objectives of the Research Program, any further research that might be necessary to achieve the objectives (if they were not achieved), any new Project IP arising from the Research Program, and anything else that P2 reasonably requests.

7. INTELLECTUAL PROPERTY

7.1 Ownership of Intellectual Property

The Project IP shall be solely owned by P2, from the time of its creation. P1 hereby assigns to P2 title to all Project IP and all Intellectual Property therein. P2 acknowledges that this assignment does not convey any rights in any copyright in any Student Thesis.

Project IP, at its creation, will be the Confidential Information of P2.

7.2 Further documents

P1 must, at P2's request, sign any further document that P2 may reasonably request to record P2's ownership of the Project IP. P1 must also procure from its employees their signatures to any documents that P2 may reasonably require to record P2's ownership of the Project IP.

7.3 Patenting and protection of Project IP

P2, in its sole discretion, may elect to obtain any protection, such as patent protection, or abandon any protection for any Project IP.

7.4 Use and commercialisation of Project IP

P2, in its sole discretion, may decide all matters concerning the use and Commercialisation of the Project IP.

7.5 License Under Project IP³⁷

P2 grants to P1 a perpetual, worldwide, royalty-free, non-exclusive license to use the Project IP solely for research purposes, with the right to grant sublicenses on similar terms to its research collaborators. Neither P1 nor its collaborators have any right or license to Commercialize any Project IP without the prior written agreement by P2.

8. CONFIDENTIAL INFORMATION

8.1 Use and disclosure of Confidential Information

The Recipient may use the Confidential Information solely for the purpose of this Agreement, and for no other purpose, and Recipient shall keep the Confidential Information secret and confidential, and not disclose, communicate, or otherwise make known to any person any part of the Confidential Information without the prior written consent of the Discloser, which the Discloser may give or to decline to give in its discretion.

8.2 Relief to Recipient

The Recipient is relieved from the Recipient's obligations contained in clause 8.1 in respect to any Confidential Information which:

- (i) the Recipient can show was lawfully in the possession of the Recipient as at the date of the disclosure and was not subject to an obligation of confidentiality, or
- (ii) becomes part of the public domain otherwise than by a breach of this Agreement, or
- (iii) the Recipient can show was received in good faith from a person without any obligation of confidentiality.

The Recipient is also relieved from the Recipient's obligations contained in clause 8.1 to the extent that the Recipient has a legal obligation to disclose the Confidential Information, provided the Recipient notified the Discloser of the legal obligation, and if possible, postponed the disclosure to enable the Discloser, if it decides to do so, to seek relief for the Recipient from that legal obligation to disclose.

8.3 Survival of obligations

The expiration or termination of this Agreement shall not affect the continuation of each party's obligations in clause 8.

9. ACADEMIC PUBLICATION

9.1 Proposed Publications approval

P1 must give P2 a copy of any Proposed Publication. P2, within 30 days after receipt of a Proposed Publication, may object to the publication of the Proposed Publication. P1 may publish or authorise the publication of a Proposed Publication if P2 consents in writing to publication of the Proposed Publication, P2 consents in writing to publication of the Proposed Publication after revision in consultation with P2, or P2 fails to object to publication within 30 days after receipt.

³⁷ This clause, whereby P2 grants a research license to P1 is not consistent with absolute obligations of confidentiality, and so it should be anticipated that P2 will not agree to this clause.

9.2 Other Party's Confidential Information

A Proposed Publication or Student Thesis may not contain any party's Confidential Information without its prior written consent.

10. EXCLUSION OF WARRANTIES

10.1 Research is uncertain

P2 acknowledges the fundamental uncertainty with respect to the results of the Research Program.

10.2 Acknowledgments

Each party acknowledges that:

- (a) except for such warranties on the part of P1 as are expressly set out in this Agreement, there are no other terms or warranties binding upon P1 or between P1 and P2,
- (b) P1 has not made, nor has any person on behalf of P1 made any warranty, undertaking, or understanding whatsoever that is not expressly set out in this Agreement,
- (c) to the full extent permitted by law, there are no statutory warranties binding upon P1, and
- (d) no representation or promise of any description, not expressly included in this Agreement, was made before this Agreement was signed.

10.3 No other warranties

P2 acknowledges that P1 has not made and does not make any warranty or representation whatsoever as to:

- (a) the safety of the Project IP,
- (b) the Commercialisation of the products derived from the Project IP,
- (c) the marketability of such products,
- (d) the profits or revenues that may result from the Commercialisation of such products,
- (e) the Commercialisation prospects of any part of the Project IP,
- (f) any research outcome,
- (g) the patentability of any Project IP,
- (h) the validity or enforceability of any patent claiming any Project IP, and
- (i) whether any Milestone will be achieved, or is capable of being achieved.³⁸

³⁸ Delete this sub-clause if the Research Program does not refer to Milestones.

11. LIABILITIES

11.1 Limit on liability

(a) Notwithstanding anything to the contrary in this Agreement, a party's entire liability under this Agreement, regardless of the basis on which the other party is entitled to claim damages (including fundamental breach, negligence, misrepresentation or other contract or tort claim), will be limited in the aggregate for all claims and causes of action to actual direct damages, but in no event more than:

- (i) the amount paid to that party under this Agreement, or
- (ii) \$10.00,³⁹

whichever is the higher amount.

(b) Paragraph (a) does not apply when a party breaches its obligations of confidentiality in this Agreement.

11.2 Indemnity

(a) Each party indemnifies and shall continue to indemnify each other party, its officers, employees, sub-contractors and agents, from and against all actions, claims, proceedings or demands (including those brought by third parties) which may be brought against it or them, whether on their own or jointly, in respect of any loss, death, injury, illness or damage (whether personal or property) arising out of that party's own use of the Project IP, including its own Commercialisation of the Project IP (if applicable).

(b) The obligation to indemnify P1 and its officers, employees, sub-contractors and agents set out in paragraph (a) is a continuing obligation separate and independent of other obligations, and shall survive the expiration or termination of this Agreement.

12. DISPUTE RESOLUTION

Any dispute arising directly under the express terms of this Agreement or the grounds for termination thereof will be resolved as follows. First, within ten (10) days after either Party identifies the existence of a dispute, each party will appoint a representative with authority to resolve the identified dispute and such representatives, within 20 days after their appointment, will meet to attempt to resolve such dispute. If the representatives cannot resolve the dispute, either Party may make a written demand for formal dispute resolution. Within 10 days after such written demand, the Parties shall meet for one day with an impartial mediator solely to consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within ten (10) days after the one-day mediation, either Party may begin litigation proceedings.

Each Party agrees not to file for or otherwise initiate a litigation or arbitration directed to the dispute being discussed by the Parties under this Clause 13 before or during such discussions. Each Party further agrees that it will retain in confidence any information disclosed by the other Party during such discussions (except for information already in the public domain).

³⁹ Change amount to a modest sum in your own currency.

13. TERMINATION

13.1 Termination for default

If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

13.2 Termination for event of default

If an Event of Default shall occur the non-defaulting party may by notice in writing terminate this Agreement immediately. For the purposes of this Agreement, each of the following shall be an Event of Default:

- (a) if a party assigns or sub-contracts the performance of this agreement to another person without the other party's prior written consent, or
- (b) if a party becomes insolvent or subject to administration or liquidation.⁴⁰

13.3 Termination does not affect prior rights or obligations or accrued rights

- (a) The termination of this Agreement by any party shall not relieve the other party from performing all obligations which:
 - (i) fell due to be performed before the effective date of termination of this Agreement, or
 - (ii) fall due to be performed as a result of that termination.
- (b) The termination of this Agreement will not affect any rights which accrue to any party before the termination, or which arise in connection with the termination, which are preserved.

14. TERMINATION AND CONFIDENTIAL INFORMATION

14.1 Return of confidential information

Immediately upon the termination or expiration of this Agreement, however that arises, unless the parties shall enter into a further Agreement in respect to the Confidential Information, the Recipient must immediately upon being so requested in writing by the Discloser, deliver to the Discloser all Confidential Information in its possession and all tangible items containing any Confidential Information or summaries thereof.

14.2 Destruction of confidential Information

Any part of the Confidential Information which cannot conveniently be returned to the Discloser by the Recipient must be completely destroyed in that manner that the Discloser directs.

15. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or

⁴⁰ Customise these phrases to refer to applicable insolvency terms in your own country.

certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

16. GENERAL

16.1 No Assignment or sub-contracting

No party may assign, sub-contract, or transfer, any of its rights or obligations in this Agreement to any person, without the prior written consent of the other party.

16.2 Relationship between the parties

No party may at any time, without the prior written consent of the other act as or represent that it is the agent, partner, joint venturer or representative of the other.

16.3 Counterparts

This Agreement may be executed in separate counterparts, and all those counterparts together constitute one agreement.

16.4 Legal Costs

Each party shall be responsible for its own legal fees and costs in connection with the preparation, negotiation and execution of this Agreement.

16.5 Warranty of Authority

Where this Agreement is signed by a person for and on behalf of a party to this Agreement, that person:

- (a) warrants that the person is the authorised agent of that party with express authority to enter into and sign this Agreement for and on behalf of that party, and thereby to bind that party to the obligations upon that party contained in this Agreement; and
- (b) acknowledges that the other party to this Agreement would not have entered into this Agreement but for the warranty of authority contained in paragraph (a).

16.6 Whole Agreement

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

16.7 Variations

No variation to this Agreement shall be binding upon the parties unless that variation is in writing, and is signed by all the parties to this Agreement.

16.8 Waiver

Any waiver shall be an effective waiver only if the waiver is expressly set out in writing and signed by the party making the waiver.

16.9 Applicable Law

- (a) The parties agree that this Agreement is made and entered into in ^{*41}.
- (b) The parties agree to submit themselves to the non-exclusive jurisdiction of the laws in force for the time being in ^{*}.

16.10 Severance

If it is held by a court that any part of this Agreement is or would be void, voidable, illegal or unenforceable, or the application of any part of this Agreement to any person or circumstances shall be or become invalid or unenforceable, that part shall be severable and shall not affect the continued operation of the remaining terms of this Agreement.

⁴¹ Insert the state, province or country that the parties agree to be the governing law for this Agreement.

SIGNATURES OF PARTIES

SIGNED) _____
 for **[NAME OF PARTY P1]**) Signature
 in the presence of) _____
) Signatory print full name
) _____
 Date⁴² _____

 Signature of witness

 Witness print full name

SIGNED) _____
 for **[NAME OF PARTY P2]**) Signature
 in the presence of) _____
) Signatory print full name
) _____
 Date _____

 Signature of witness

 Witness print full name

⁴² It is good practice to include the dates of signature by the parties in case the parties fail to complete the date on the first page.

SCHEDULE 1: RESEARCH PROGRAM

SCHEDULE 2: RESEARCH FUNDS

SPONSORED RESEARCH AGREEMENT

Introductory Note

There are four research agreement templates, each for a different type of research relationship. The Guidelines will help you choose which of the four research agreement templates is the most suitable for a particular situation.

The four different research agreement templates are:

1. Contract Research Agreement

This agreement may be used where a company will pay a full commercial fee for specified research to be performed using university facilities, and company expects to own all the intellectual property arising from the research.

2. Sponsored Research Agreement

This agreement may be used where a company will contribute financial or in-kind support for research to be undertaken by a university or research organisation.

3. Collaborative Research Agreement with Company

This agreement may be used where a university (or other research organisation) and a company will each conduct research directed to a common goal, and where new intellectual property might be created by each of them separately or jointly.

4. Collaborative Research Agreement between Research Organisations.

This agreement may be used where two research organisations (such as universities) will each participate in related research, and where new intellectual property might be created by each of them separately or jointly.

SPONSORED RESEARCH AGREEMENT

Name of Party 1

Name of Party 2

SPONSORED RESEARCH AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

^{*43} _____, a ^{*44} _____, located at ^{*45} _____ (“P1”)⁴⁶

AND

* _____, a _____, located at _____ ^{*47} (“P2”)⁴⁸

AGREE AS FOLLOWS:

BACKGROUND

- A. P1 has the skills and resources to undertake the Research Program.
- B. P2 has requested P1 to undertake the Research Program.
- C. The parties have agreed that the Research Program will be undertaken in accordance with the terms of this Agreement.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Commercialise means to sell, lease or otherwise dispose of a product or service to a third party for cash or other consideration or to advertise or promote such sale, lease or other disposition.

Confidential Information any information that is labelled or identified at the time of disclosure under this Agreement as confidential or proprietary to the Discloser, including inventions; discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products; prototypes; processes; names; know-how; routines; specifications; drawings; trade secrets;

⁴³ Insert the formal legal name of the university or research organization.

⁴⁴ Insert legal nature of the university or research organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

⁴⁵ Insert the address of the university or research organisation that will be undertaking the research.

⁴⁶ Using Word’s Replace command, replace “P1” with the abbreviated name of the university or research organisation that will be undertaking the research.

⁴⁷ Insert the legal name, legal nature, and address of the other party.

⁴⁸ Using Word’s Replace command, replace “P2” with the abbreviated name of the other party.

technology methods; computer programs; works in respect to which copyright subsists; circuit board layouts; business plans; marketing plans; strategies; market analysis; feasibility plans; concept documents; expert's reports; forecasts; projections; methodologies; financial accounts; financials statements; cash flow statements; valuations; and other knowledge.⁴⁹

Discloser means a party to this Agreement which discloses Confidential Information

Intellectual Property means (a) conceptions, ideas, innovations, discoveries, inventions, processes, machines, biological materials, formulae, equipment, compositions of matter, formulations, plans, specifications, drawings, improvements, enhancements, modifications, technological developments, know-how, show-how, methods, techniques, systems, designs, production systems and plans, software, documentation, data, programs and information (irrespective of whether in human or machine-readable form), integrated circuits and their design and layout, and works of authorship, whether or not patentable, copyrightable, or susceptible to any other form of legal protection, and (b) any patent, application for a patent, right to apply for a patent or similar right, copyright or other rights in the nature of copyright, circuit layout right, plant breeders right, design right or registration, or trade secret right with respect to any of the foregoing.

Key Personnel means the persons so described in the Research Program.⁵⁰

Milestone means an event described as a milestone in the Research Program.⁵¹

Project IP means Intellectual Property arising from the carrying out of the Research Program, but excludes a copyright subsisting in any Student Thesis

Proposed Publication means a manuscript or abstract intended for publication, a paper or abstract intended to be orally presented, or any poster presentation, that includes any reference to Project IP.

Recipient means a party to this Agreement to whom Confidential Information is disclosed

Research Funds means the funds referred to in Schedule 2

Research Program means the program of research described in Schedule 1

Student Thesis means a thesis by a student that is required to be examined to complete the academic requirements for the making of an academic award, which includes any reference to Project IP.

1.2 Interpretation

(a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.

(b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.

⁴⁹ Since technical and business information may be confidential, using a broad definition encompassing all types of information may prevent inadvertent omission of some category of information.

⁵⁰ Key personnel are those who are critical to the Research Program, such as anyone whose inability to participate, for example, as a result of illness, could justify the early termination of the Agreement. Key personnel may be not just researchers, but might also be a key person employed by the other party. If there are key personnel, identify them in the Research Program and call them Key Personnel, otherwise delete this definition.

⁵¹ Delete this definition if the Research Program does not refer to milestones.

- (c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.
- (d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.
- (e) Where a word or phrase is given a meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) Where a party to this Agreement is more than one person, the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.

2. DURATION

- (a) This Agreement commences on the effective date of this Agreement as set forth in the preamble to this Agreement.
- (b) Unless terminated earlier, this Agreement expires on the earlier of the date when each party has completed the performance of its obligations under this Agreement, or the ____ anniversary of the effective date. The parties may extend the Agreement by written amendment.

3. RESEARCH PROGRAM

3.1 Carrying Out the Research Program

- (a) P1 shall carry out the Research Program.
- (b) P1 cannot sub-contract the carrying out of any part of the Research Program to another person, without P2's prior written consent.
- (c) P1 must not include any student in the undertaking of the Research Program, without P2's prior written consent.
- (d) P1 must keep P2 informed of all progress in the carrying out of the Research Program.
- (e) If the Research Program refers to any Intellectual Property to be made available by P2 to P1 to enable the carrying out of the Research Program, P2 grants to P1 a non-exclusive license to use that Intellectual Property solely for the purpose of the carrying out of the Research Program, and solely for the duration of this Agreement.

3.2 Diligence

The Research Program must be carried out diligently and competently, expeditiously, by properly qualified persons, and in accordance with accepted scientific and ethical principles, standards, and laboratory procedures, with any applicable codes adopted by any research council, with any applicable research conventions, and with all applicable laws, regulations and legal requirements.

3.3 Ethical and Regulatory Requirements

If the carrying out of the Research Program requires any consent, license, permit or approval of any ethics or similar committee or regulatory authority, this Agreement is conditional upon that consent, license, permit or approval being obtained. The parties will use their reasonable efforts to obtain that consent, license, permit or approval, and the Research Program will commence only after that consent, license, permit or approval has been obtained. The parties

agree comply with any condition of any such consent, license, permit or approval. No party makes any warranty or representation as to whether that consent, license, permit or approval can be obtained, and no party will be liable to the other if that consent, license, permit or approval is not obtained. If that consent, license, permit or approval is not obtained within [period]⁵² from the effective date of this Agreement, or such other time as the parties may agree in writing, either party may terminate this Agreement by written notice to the other, and if this Agreement is terminated under this clause, no party will have any liability or obligation to the other.

3.4 Variations to the Research Program

The Research Program must not be varied unless the variation is agreed upon in writing by the parties.

3.5 Milestones⁵³

The parties must use their reasonable endeavours to achieve the Milestones upon or before the respective dates for the achievement of those Milestones set out in the Research Program. No Milestone or the date for its achievement may be varied unless the variation is agreed upon in writing by the parties.

4. RESEARCH FUNDS

4.1 Research Funds

- (a) P2 shall pay the Research Funds to P1, in the manner and by the instalments described in Schedule 2.
- (b) The Research Funds are inclusive of any taxes or charges that may apply.⁵⁴

4.2 Invoices for Research Funds

- (a) P1 shall provide an invoice to P2 for each instalment of the Research Funds referred to in Schedule 2.
- (b) P2 must pay each invoice within 30 days of the date of receipt of the invoice, or upon the due date for payment set out in Schedule 2, whichever is the later.

4.3 Interest

If any amount due to be paid by P2 to P1 pursuant to this Agreement is unpaid, P2 must pay interest on the unpaid amount, from the due date for payment, until payment is made, at the rate of ^{*55} per annum.

⁵² Insert a suitable period to obtain any required ethics or similar approval, such as “30 days”, “3 months” or whatever period is appropriate.

⁵³ Delete this clause if there are no Milestones mentioned in the Research Program.

⁵⁴ Consider any taxes or charges that may be applicable and amend accordingly.

⁵⁵ Insert an appropriate rate of interest.

5. KEY PERSONNEL⁵⁶

5.1 Use of Key Personnel

P1 must ensure that its Key Personnel participate in the Research Program.

5.2 Replacing Key Personnel that Cease to Participate in Research Program

If a person who is Key Personnel for any reason ceases to participate in the Research Program P1 must promptly give P2 written notice thereof, and if P2 requires that that person be replaced with a person of similar expertise, P1 must do so within a reasonable time. P2 may terminate this Agreement on giving 30 days written notice to P1 if any Key Personnel ceases to participate in the Research Program or if P1 fails to replace such Key Personnel when requested by P2.

6. REPORTS

6.1 Interim Reports

If the Research Program has an expected duration of six months or more, P1 must deliver, or cause to be delivered, to P2 interim reports throughout the duration of the Research Program, at no less a frequency than once every three months. Each interim report must address the progress to date of the Research Program, a schedule of anticipated efforts toward completing the Research Program, any new Project IP arising from the Research Program, and anything else that P2 reasonably requests.

6.2 Final Report

P1 must deliver, or cause to be delivered, to P2 a final report within thirty (30) days after the conclusion of the Research Program. The final report must address all progress toward the objectives of the Research Program, any further research that might be necessary to achieve the objectives (if they were not achieved), any new Project IP arising from the Research Program, and anything else that P2 reasonably requests.

7. INTELLECTUAL PROPERTY

7.1 Ownership of Intellectual Property

The Project IP shall be solely owned by P1, from the time of its creation.

Project IP, at its creation, will be the Confidential Information of P1.

7.2 Option for a License⁵⁷

a) P1 grants P2 an option for an exclusive, royalty-bearing license to Commercialize Project IP and any Intellectual Property derived from the Project IP.

b) P2 may exercise the option by written notice to P1 received within 6 months after delivery of the Final Report (“**Option Period**”). If P2 exercises the option within the Option Period, the parties will negotiate in good faith the terms of an exclusive, royalty-bearing license. If P2 does not exercise the option within the Option Period or if the parties fail to reach agreement within 6

⁵⁶ If you decided to delete the definition of Key Personnel from clause 1, delete the whole of this clause as well.

⁵⁷ If the parties agree on a license for Project IP at the same time as this Sponsored Research Agreement, delete clauses 7.2 and 7.3.

months after the date P1 received P2's notice exercising the option ("**Negotiation Period**"), the option will expire and P2 will have no further rights to Project IP.

7.3 Patenting and Protection of Project IP

(a) P1, in its sole discretion, may elect to obtain any protection, such as patent protection, or abandon any protection for any Project IP.

(b) If, before expiration of the Option Period (or the Negotiation Period if the option is exercised), P2 requests P1 to file a patent application directed to Project IP, P1 will use reasonable efforts to file such application, which application and any resulting patent will be owned by P1. P1 will provide P2 with an opportunity to consult on the scope and content of any such patent application, but P1 will retain sole control thereof. P2 will reimburse P1 for all reasonable expenses incurred by P1 in conjunction with the preparation, filing and maintenance of any such patent application. P2 will notify P1 of any countries in which it desires patent protection for Project IP in sufficient time for P1 to satisfy the patent-law procedural requirements of those countries or of applicable patent filing treaties.

(c) P2, by one month advance written notice to P1, may elect to discontinue reimbursement of patent expenses for any patent application or patent directed to Project IP, provided P2 shall remain liable for all reasonable expenses incurred before the effective date of P2's election.

(d) If the parties reach agreement on a license before expiration of the Negotiation Period, the parties' respective obligations under clause 7.3(b) and (c) will be replaced by agreed upon terms in the license agreement.

(e) If P2 does not exercise the option during the Option Period or the parties fail to reach agreement during the Negotiation Period, P2's obligation of reimbursement will expire as of the last date of the relevant Period, and P1, in its sole discretion, may continue or abandon any patent application directed to Project IP.

8. CONFIDENTIAL INFORMATION

8.1 Use and disclosure of Confidential Information

The Recipient may use the Confidential Information solely for the purpose of this Agreement, and for no other purpose, and Recipient shall keep the Confidential Information secret and confidential, and not disclose, communicate, or otherwise make known to any person any part of the Confidential Information without the prior written consent of the Discloser, which the Discloser may give or to decline to give in its discretion.

8.2 Relief to Recipient

The Recipient is relieved from the Recipient's obligations contained in clause 8.1 in respect to any Confidential Information which:

- (i) the Recipient can show was lawfully in the possession of the Recipient as at the date of the disclosure and was not subject to an obligation of confidentiality, or
- (ii) becomes part of the public domain otherwise than by a breach of this Agreement, or
- (iii) the Recipient can show was received in good faith from a person without any obligation of confidentiality.

The Recipient is also relieved from the Recipient's obligations contained in clause 8.1 to the extent that the Recipient has a legal obligation to disclose the Confidential Information, provided the Recipient notified the Discloser of the legal obligation, and if possible, postponed the

disclosure to enable the Discloser, if it decides to do so, to seek relief for the Recipient from that legal obligation to disclose.

8.3 Survival of Obligations

The expiration or termination of this Agreement shall not affect the continuation of each party's obligations in clause 8.

8.4 P1's Use and Disclosure of Project IP

Until expiration of the Negotiation Period if P2 exercises the option or the Option Period if P2 fails to exercise the option, P1 will treat Project IP as Confidential Information of P2 and not use it or disclose it to anyone without the consent of P2. P1's obligation under this clause 8.4 will not apply to Project IP that would be subject to relief under clause 8.2 or to Project IP contained in any patent application filed under clause 7.3(b). After expiration of the Negotiation Period if P2 exercises the option or the Option Period if P2 fails to exercise the option, P1 may use and disclose Project IP in its discretion unless restricted by a license agreement agreed to under clause 7.2(b).

9. ACADEMIC PUBLICATION

9.1 Proposed Publications Approval

(a) P1 must give P2 a copy of any Proposed Publication if would be submitted for publication or disclosure prior to expiration of the Negotiation Period if P2 exercises the option or the Option Period if P2 fails to exercise the option. P2, within 30 days after receipt of a Proposed Publication, may object to the publication of the Proposed Publication to the extent it includes any Project IP. P1 may revise the Proposed Publication in response to P2's objections.

(b) If P2 requests, P1 will file patent applications directed to Project IP in the Proposed Publication as provided in clause 7.3(b) and refrain from permitting publication the Proposed Publication until after such applications are filed.

(c) P1 may publish or authorise the publication of a Proposed Publication if P2 consents in writing to publication of the Proposed Publication, P2 consents in writing to publication of the Proposed Publication after revision in consultation with P2, all patent applications requested under clause 9.1(b) have been filed, or P2 fails to object to publication within 30 days after receipt.

9.2 Student Thesis

If a Student Thesis containing Project IP will be published or catalogued in a library, it will be a Proposed Publication subject to this clause 9. If such a Student Thesis will be examined prior to expiration of the Negotiation Period if P2 exercises the option or the Option Period if P2 fails to exercise the option, the examiners must agree to the confidentiality obligations of clause 8.

9.3 Other Party's Confidential Information

A Proposed Publication or Student Thesis may not contain another party's Confidential Information without its prior written consent.

11. EXCLUSION OF WARRANTIES

11.1 Research is Uncertain

P2 acknowledges the fundamental uncertainty with respect to the results of the Research Program.

11.2 Acknowledgments

Each party acknowledges that:

- (a) except for such warranties on the part of P1 as are expressly set out in this Agreement, there are no other terms or warranties binding upon P1 or between P1 and P2,
- (b) P1 has not made, nor has any person on behalf of P1 made, any warranty, undertaking, or understanding whatsoever that is not expressly set out in this Agreement,
- (c) to the full extent permitted by law, there are no statutory warranties binding upon P1, and
- (d) no representation or promise of any description, not expressly included in this Agreement, was made before this Agreement was signed.

11.3 No Other Warranties

P2 acknowledges that P1 has not made and does not make any warranty or representation whatsoever as to:

- (a) the safety of the Project IP,
- (b) the Commercialisation of the products derived from the Project IP,
- (c) the marketability of such products,
- (d) the profits or revenues that may result from the Commercialisation of such products,
- (e) the Commercialisation prospects of any part of the Project IP,
- (f) any research outcome,
- (g) the patentability of any Project IP,
- (h) the validity or enforceability of any patent claiming any Project IP, and
- (i) whether any Milestone will be achieved, or is capable of being achieved.⁵⁸

12. LIABILITIES

12.1 Limit on Liability

(a) Notwithstanding anything to the contrary in this Agreement, a party's entire liability under this Agreement, regardless of the basis on which the other party is entitled to claim damages (including fundamental breach, negligence, misrepresentation or other contract or tort claim), will be limited in the aggregate for all claims and causes of action to actual direct damages, but in no event more than:

- (i) the amount paid to that party under this Agreement, or

⁵⁸ Delete this sub-clause if the Research Program does not refer to Milestones.

(ii) \$10.00,⁵⁹

whichever is the higher amount.

(b) Paragraph (a) does not apply when a party breaches its obligations of confidentiality in this Agreement.

12.2 Indemnity

(a) Each party indemnifies and shall continue to indemnify each other party, its officers, employees, sub-contractors and agents, from and against all actions, claims, proceedings or demands (including those brought by third parties) which may be brought against it or them, whether on their own or jointly, in respect of any loss, death, injury, illness or damage (whether personal or property) arising out of that party's own use of the Project IP, including its own Commercialisation of the Project IP (if applicable).

(b) The obligation to indemnify P1 and its officers, employees, sub-contractors and agents set out in paragraph (a) is a continuing obligation separate and independent of other obligations, and shall survive the expiration or termination of this Agreement.

13. DISPUTE RESOLUTION

Any dispute arising directly under the express terms of this Agreement or the grounds for termination thereof will be resolved as follows. First, within ten days after either Party identifies the existence of a dispute, each party will appoint a representative with authority to resolve the identified dispute and such representatives, within 20 days after their appointment, will meet to attempt to resolve such dispute. If the representatives cannot resolve the dispute, either Party may make a written demand for formal dispute resolution. Within ten (10) days after such written demand, the Parties shall meet for one day with an impartial mediator solely to consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within ten (10) days after the one-day mediation, either Party may begin litigation proceedings.

Each Party agrees not to file for or otherwise initiate a litigation or arbitration directed to the dispute being discussed by the Parties under this Clause 13 before or during such discussions. Each Party further agrees that it will retain in confidence any information disclosed by the other Party during such discussions (except for information already in the public domain).

14. TERMINATION

14.1 Termination for Default

If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

⁵⁹ Change amount to a modest sum in your own currency.

14.2 Termination for Event of Default

If an Event of Default shall occur the non-defaulting party may by notice in writing terminate this Agreement immediately. For the purposes of this Agreement, each of the following shall be an Event of Default:

- (a) if a party assigns or sub-contracts the performance of this agreement to another person without the other party's prior written consent, or
- (b) if a party becomes insolvent or subject to administration or liquidation.⁶⁰

14.3 Termination does not Affect Prior Rights or Obligations or Accrued Rights

- (a) The termination of this Agreement by any party shall not relieve the other party from performing all obligations which:
 - (i) fell due to be performed before the effective date of termination of this Agreement, or
 - (ii) fall due to be performed as a result of that termination.
- (b) The termination of this Agreement will not affect any rights which accrue to any party before the termination, or which arise in connection with the termination, which are preserved.

15. TERMINATION AND CONFIDENTIAL INFORMATION

15.1 Return of Confidential Information

Immediately upon the termination or expiration of this Agreement, however that arises, unless the parties shall enter into a further Agreement in respect to the Confidential Information, the Recipient must immediately upon being so requested in writing by the Discloser, deliver to the Discloser all Confidential Information in its possession and all tangible items containing any Confidential Information or summaries thereof.

15.2 Destruction of Confidential Information

Any part of the Confidential Information which cannot conveniently be returned to the Discloser by the Recipient must be destroyed in the manner that the Discloser directs.

16. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

⁶⁰ Customise these phrases to refer to applicable insolvency terms in your own country.

17. GENERAL

17.1 No Assignment or Sub-Contracting

No party may assign, sub-contract, or transfer, any of its rights or obligations in this Agreement to any person, without the prior written consent of the other party.

17.2 Relationship Between the Parties

No party may at any time, without the prior written consent of the other act as or represent that it is the agent, partner, joint venturer or representative of the other.

17.3 Counterparts

This Agreement may be executed in separate counterparts, and all those counterparts together constitute one agreement.

17.4 Legal Costs

Each party shall be responsible for its own legal fees and costs in connection with the preparation, negotiation and execution of this Agreement.

17.5 Warranty of Authority

Where this Agreement is signed by a person for and on behalf of a party to this Agreement, that person:

- (a) warrants that the person is the authorised agent of that party with express authority to enter into and sign this Agreement for and on behalf of that party, and thereby to bind that party to the obligations upon that party contained in this Agreement; and
- (b) acknowledges that the other party to this Agreement would not have entered into this Agreement but for the warranty of authority contained in paragraph (a).

17.6 Whole Agreement

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

17.7 Variations

No variation to this Agreement shall be binding upon the parties unless that variation is in writing, and is signed by all the parties to this Agreement.

17.8 Waiver

Any waiver shall be an effective waiver only if the waiver is expressly set out in writing and signed by the party making the waiver.

17.9 Applicable Law

- (a) The parties agree that this Agreement is made and entered into in ^{*61} and shall be construed according to the laws thereof.
- (b) The parties agree to submit themselves to the non-exclusive jurisdiction of the laws in force for the time being in ^{*}.

17.10 Severance

If it is held by a court that any part of this Agreement is or would be void, voidable, illegal or unenforceable, or the application of any part of this Agreement to any person or circumstances shall be or become invalid or unenforceable, that part shall be severable and shall not affect the continued operation of the remaining terms of this Agreement.

⁶¹ Insert the state, province or country that the parties agree to be the governing law for this Agreement.

SIGNATURES OF PARTIES

SIGNED

for **[NAME OF PARTY P1]**

in the presence of

)

)

)

)

Signature

Signatory print full name

Date⁶²

Signature of witness

Witness print full name

SIGNED

for **[NAME OF PARTY P2]**

in the presence of

)

)

)

)

Signature

Signatory print full name

Date

Signature of witness

Witness print full name

⁶² It is good practice to include the dates of signature by the parties in case the parties fail to complete the date on the first page.

SCHEDULE 1: RESEARCH PROGRAM

SCHEDULE 2: RESEARCH FUNDS

COLLABORATIVE RESEARCH AGREEMENT BETWEEN RESEARCH ORGANIZATIONS

Introductory Note

There are four research agreement templates, each for a different type of research relationship. The Guidelines will help you choose which of the four research agreement templates is the most suitable for a particular situation.

The four different research agreement templates are:

1. Contract Research Agreement

This agreement may be used where a company will pay a full commercial fee for specified research to be performed using university facilities, and company expects to own all the intellectual property arising from the research.

2. Sponsored Research Agreement

This agreement may be used where a company will contribute financial or in-kind support for research to be undertaken by a university or research organisation.

3. Collaborative Research Agreement with Company

This agreement may be used where a university (or other research organisation) and a company will each conduct research directed to a common goal, and where new intellectual property might be created by each of them separately or jointly.

4. Collaborative Research Agreement between Research Organisations.

This agreement may be used where two research organisations (such as universities) will each participate in related research, and where new intellectual property might be created by each of them separately or jointly.

COLLABORATIVE RESEARCH AGREEMENT BETWEEN RESEARCH ORGANIZATIONS

Name of Party 1

Name of Party 2

COLLABORATIVE RESEARCH AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]
 *⁶³ _____, a *⁶⁴ _____, located at *⁶⁵ _____ (“P1”)⁶⁶

AND

* _____, a _____, located at _____ *⁶⁷ (“P2”)⁶⁸

AGREE AS FOLLOWS:

BACKGROUND

- A. P1 and P2 each have skills and resources to collaboratively undertake the Research Program.
- B. The parties have agreed that they will undertake the Research Program in accordance with the terms of this Agreement.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Background IP means Intellectual Property owned by a party before the effective date of this Agreement.

Commercialize means to sell, lease or otherwise dispose of a product or service to a third party for cash or other consideration or to advertise or promote such sale, lease or other disposition.

Confidential Information any information that is labeled or identified at the time of disclosure under this Agreement as confidential or proprietary to the Discloser, including inventions; discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products;

⁶³ Insert the formal legal name of the university or research organization.

⁶⁴ Insert legal nature of the university or research organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

⁶⁵ Insert the address of the university or research organisation that will be undertaking the research.

⁶⁶ Using Word’s Replace command, replace “P1” with the abbreviated name of the university or research organisation that will be undertaking the research.

⁶⁷ Insert the legal name, legal nature, and address of the other university or research organization.

⁶⁸ Using Word’s Replace command, replace “P2” with the abbreviated name of the other party.

prototypes; processes; names; know-how; routines; specifications; drawings; trade secrets; technology methods; computer programs; works in respect to which copyright subsists; circuit board layouts; business plans; marketing plans; strategies; market analysis; feasibility plans; concept documents; expert's reports; forecasts; projections; methodologies; financial accounts; financials statements; cash flow statements; valuations; and other knowledge.⁶⁹

Discloser means a party to this Agreement which discloses Confidential Information

Intellectual Property means (a) conceptions, ideas, innovations, discoveries, inventions, processes, machines, biological materials, formulae, equipment, compositions of matter, formulations, plans, specifications, drawings, improvements, enhancements, modifications, technological developments, know-how, show-how, methods, techniques, systems, designs, production systems and plans, software, documentation, data, programs and information (irrespective of whether in human or machine-readable form), integrated circuits and their design and layout, and works of authorship, whether or not patentable, copyrightable, or susceptible to any other form of legal protection, and (b) any patent, application for a patent, right to apply for a patent or similar right, copyright or other rights in the nature of copyright, circuit layout right, plant breeders right, design right or registration, or trade secret right with respect to any of the foregoing.

Key Personnel means the persons so described in the Research Program.⁷⁰

Milestone means an event described as a milestone in the Research Program.⁷¹

Negotiation Period has the meaning in clause 8.4(a).

Project IP means Intellectual Property arising from the carrying out of the Research Program, but excludes a copyright subsisting in any Student Thesis.

Proposed Publication means a manuscript or abstract intended for publication, a paper or abstract intended to be orally presented, or any poster presentation, that includes any reference to Project IP.

Recipient means a party to this Agreement to whom Confidential Information is disclosed.

Research Funds means the funds referred to in Schedule 2.⁷²

Research Program means the program of research described in Schedule 1.

Research Steering Committee means the committee established under clause ___ of this Agreement.

Student Thesis means a thesis by a student that is required to be examined to complete the academic requirements for the making of an academic award, which includes any reference to Project IP.

⁶⁹ Since technical and business information may be confidential, using a broad definition encompassing all types of information may prevent inadvertent omission of some category of information.

⁷⁰ Key personnel are those who are critical to the Research Program, such as anyone whose inability to participate, for example, as a result of illness, could justify the early termination of the Agreement. Key personnel may be not just researchers, but might also be a key person employed by the other party. If there are key personnel, identify them in the Research Program and call them Key Personnel, otherwise delete this definition.

⁷¹ Delete this definition if the Research Program does not refer to milestones.

⁷² If neither collaborating party will be paying any research funds to the other, delete this definition. If one will be paying funds to the other, retain this definition.

1.2 Interpretation

- (a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.
- (b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.
- (c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.
- (d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.
- (e) Where a word or phrase is given a meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) Where a party to this Agreement is more than one person, the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.

2. DURATION

- (a) This Agreement commences on the effective date of this Agreement as set forth in the preamble to this Agreement.
- (b) Unless terminated earlier, this Agreement expires on the earlier of the date when each party has completed the performance of its obligations under this Agreement, or the ^{*73} _____ anniversary of the effective date. The parties may extend the Agreement by written amendment.

3. RESEARCH PROGRAM

3.1 Carrying out the Research Program

- (a) Each of P1 and P2 shall carry out the Research Program by performing the steps and tasks assigned to it in the Research Program.
- (b) No party may sub-contract the carrying out of any part of the Research Program to another person, without the other party's prior written consent.
- (c) Each party must keep the other party informed of all progress in the carrying out of the Research Program.
- (d) If the Research Program requires transfer of one party's Background IP to the other party, the one party grants to the other party a non-exclusive license to use that Background IP solely for the purpose of the carrying out of the Research Program, and solely for the duration of this Agreement.

⁷³ Insert the number of years until expiration of the agreement. It is good practice to have a defined term. The parties can always agree to extend an agreement, but agreement as to termination or expiration later during performance or when a problem arises would be difficult.

3.2 Diligence

Each party agrees to carry out the Research Program diligently and competently, expeditiously, by properly qualified persons, and in accordance with accepted scientific and ethical principles, standards, and laboratory procedures, with any applicable codes adopted by any research council, with any applicable research conventions, and with all applicable laws, regulations and legal requirements.

3.3 Ethical and regulatory requirements

If the carrying out of the Research Program requires any consent, license, permit or approval of any ethics or similar committee or regulatory authority, this Agreement is conditional upon that consent, license, permit or approval being obtained. The parties will use their reasonable efforts to obtain that consent, license, permit or approval, and the Research Program will commence only after that consent, license, permit or approval has been obtained. The parties agree comply with any condition of any such consent, license, permit or approval. No party makes any warranty or representation as to whether that consent, license, permit or approval can be obtained, and no party will be liable to the other if that consent, license, permit or approval is not obtained. If that consent, license, permit or approval is not obtained within [period]⁷⁴ from the effective date of this Agreement, or such other time as the parties may agree in writing, either party may terminate this Agreement by written notice to the other, and if this Agreement is terminated under this clause, no party will have any liability or obligation to the other.

3.4 Variations to the Research Program

The Research Program may not be varied unless the variation is agreed upon in writing by the parties.

3.5 Milestones⁷⁵

Each party agrees to use its reasonable endeavours to achieve the Milestones assigned to it upon or before the respective dates for the achievement of those Milestones set out in the Research Program. No Milestone or the date for its achievement may be varied unless the variation is agreed upon in writing by the parties.

4. RESEARCH FUNDS⁷⁶

4.1 Research Funds

- (a) P2 shall pay the Research Funds to P1, in the manner and by the instalments described in Schedule 2.
- (b) The Research Funds are inclusive of any taxes or charges that may apply.⁷⁷

⁷⁴ Insert a suitable period to obtain any required ethics or similar approval, such as “30 days”, “three (3) months” or whatever period is appropriate.

⁷⁵ Delete this clause if there are no Milestones mentioned in the Research Program.

⁷⁶ If neither collaborating party will be paying any research funds to the other, delete this clause. If one will be paying funds to the other, retain this clause.

⁷⁷ Consider any taxes or charges that may be applicable and amend accordingly.

4.2 Invoices for Research Funds

- (a) P1 shall provide an invoice to P2 for each instalment of the Research Funds referred to in Schedule 2.
- (b) P2 must pay each invoice within 30 days of the date of receipt of the invoice, or upon the due date for payment set out in Schedule 2, whichever is the later.

4.3 Interest

If any amount due to be paid by P2 to P1 pursuant to this Agreement is unpaid, P2 must pay interest on the unpaid amount, from the due date for payment, until payment is made, at the rate of ^{*78} per annum.

5. KEY PERSONNEL⁷⁹

5.1 Use of Key Personnel

Each party that employs Key Personnel must ensure that its Key Personnel participate in the Research Program.

5.2 Replacing Key Personnel that cease to participate in Research Program

If a person who is Key Personnel for any reason ceases to participate in the Research Program, the party employing such person must promptly give the other party written notice thereof, and if the other party requires that that person be replaced with a person of similar expertise, the employing party must do so within a reasonable time. If any Key Personnel ceases to participate in the Research Program and the employing party fails to replace such Key Personnel when requested by the other party, the other party may terminate this Agreement by 30 days advance written notice.

6. RESEARCH STEERING COMMITTEE

6.1 Composition

Each party will appoint two qualified employees as the party's representative on a Research Steering Committee. A party may replace its representatives on the Research Steering Committee by written notice to the other party.

6.2 Meetings and Management

The Research Steering Committee shall elect a chairman from its members by majority vote. The chairman shall convene meetings of the Research Steering Committee in person or by video or telephone conference when needed but at least once in each three-month period. Any member of the Research Steering Committee, by written notice, may require the chairman to convene a meeting within 14 days after such notice. A meeting will have a quorum if one representative of each party is present. The Research Steering Committee shall take complete minutes of every meeting and delivery a copy thereof to each party within ten days after each meeting. All decisions by the Research Steering Committee must be unanimous and in writing delivered to both parties. If the Research Steering Committee cannot reach unanimous agreement on a necessary decision, the decision will be made by the parties. Each party will be

⁷⁸ Insert an appropriate rate of interest.

⁷⁹ If you decided to delete the definition of Key Personnel from clause 1, delete the whole of this clause as well.

responsible for costs incurred by its representatives on the Research Steering Committee and costs incurred jointly by all representatives shall be shared equally by the parties.

6.3 Reports

Each party will deliver to each member of the Research Steering Committee written reports on progress and problems under the Research Program on a schedule and with content as specified by the Research Steering Committee.

6.4 Responsibility and Authority

The Research Steering Committee shall manage the Research Program. Notwithstanding clause 3.4 above, the Research Steering Committee, after considering the Research Program's progress and resources may vary the Research Program provided such variation does not increase costs or require greater payments from P2 to P1. The Research Steering Committee will decide when the Research Program is complete or without further merit and will issue a written final report ("Final Report") to each party.

CHOOSE BETWEEN TWO VERSIONS OF CLAUSE 7

- VERSION 1 – OWNERSHIP OF PROJECT IP BASED ON INVENTORSHIP OR CREATION
- VERSION 2 – OWNERSHIP OF PROJECT IP JOINT IN ALL CASES

7. INTELLECTUAL PROPERTY (version 1)

7.1 Background IP

Each party will retain its own Background IP. Except for the limited license granted in clause 3.1(d) or a license granted under clause 7.4, no party has rights under Background IP of the other party.

7.2 Ownership of Project IP

- (a) Any Project IP solely invented or created by employees of P1 shall be solely owned by P1.
- (b) Any Project IP solely invented or created by employees of P2 shall be solely owned by P2.
- (c) Any Project IP invented or created jointly by employees of P1 and P2 shall be jointly owned by P1 and P2 ("Joint IP").⁸⁰
- (d) Project IP does not include the copyright to any Student Thesis.

7.3 Protection for Project IP

- a) Each party, in its sole discretion, may elect to obtain any protection, such as patent protection, or abandon any protection for any solely-owned Project IP.

⁸⁰ Consider inserting an additional definition in clause 1, in alphabetical order: "Joint IP has the meaning in clause 7.1"

- b) The parties will cooperate in obtaining protection, such as patent protection, for Joint IP and will share equally in the costs thereof.
- c) If one party elects not to share the cost of obtaining protection for a particular Joint IP and the other party elects to assume control and the entire cost of obtaining such protection, the one party hereby assigns its interest in such particular Joint IP to the other party. The one party will sign all reasonable documents to confirm the other party as sole owner of the particular Joint IP.
- d) If neither party elects to assume the cost of obtaining protection for a particular Joint IP, protection will not be sought or if already filed for, will be abandoned.
- e) Unless a license is agreed to under clause 7.4, each party may exploit Joint IP, directly or by license, without prior approval of and without accounting to the other party.
- f) Each party may assign its interest in Joint IP to a third party without approval of and without accounting to the other party. Any such assignment must be subject to agreement by the third party to be bound by this Agreement with respect to the assigned Joint IP.
- g) To the extent required by applicable law, the parties will cooperate in enforcement of Joint IP, provided the party initiating such enforcement assumes all costs or liability incurred by the other party because of such enforcement.

7.4 Commercialization of Project IP

- a) Within 30 days after delivery of the Final Report to each party, the parties will discuss in good faith prospects for Commercialization of the Project IP. Taking into consideration the nature of the Project IP and the potential market therefor, what Background IP may be necessary to Commercialize the Project IP and which party owns that Background IP, and the interest and capability of each party to Commercialize the Project IP, the parties will decide whether one party or the other should Commercialize the Project IP.
- b) If the parties elect one party to Commercialize the Project IP, the parties within 90 days after delivery of the Final Report to each party ("Negotiation Period"), will negotiate an exclusive, royalty-bearing license to the one party under the other party's solely owned Project IP and the other party's interest in Joint IP. Any such license will grant back to the one party a nonexclusive, royalty-free license under Project IP solely for non-commercial research.
- c) If the parties are unable to reach agreement as to a party to lead Commercialization of Joint IP or on the terms of a license to one party, each party will be free to Commercialize Project IP subject to the other party's rights in Background IP and solely-owned Project IP.

7. INTELLECTUAL PROPERTY (version 2)

7.1 Background IP

Each party will retain its own Background IP. Except for the limited license granted in clause 3.1(d) or a license granted under clause 7.4, no party has rights under Background IP of the other party.

7.2 Ownership of Project IP

- (a) All Project IP will be jointly owned in equal proportions.
- (b) Project IP does not include the copyright to any Student Thesis.

7.3 Protection of Project IP

- a) The parties will cooperate in obtaining protection, such as patent protection, for Project IP and will share equally in the costs thereof.
- b) If one party elects not to share the cost of obtaining protection for a particular Project IP and the other party elects to assume control and the entire cost of obtaining such protection, the one party hereby assigns its interest in such particular Project IP to the other party. The one party will sign all reasonable documents to confirm the other party as sole owner of the particular Project IP.
- c) If neither party elects to assume the cost of obtaining protection for a particular Project IP, protection will not be sought or if already filed for, will be abandoned.
- d) Unless a license is agreed to under clause 7.4, each party may exploit Project IP, directly or by license, without prior approval of and without accounting to the other party.
- e) Each party may assign its interest in Project IP to a third party without approval of and without accounting to the other party. Any such assignment must be subject to agreement by the third party to be bound by this Agreement with respect to the assigned Project IP.
- f) To the extent required by applicable law, the parties will cooperate in enforcement of Project IP, provided the party initiating such enforcement assumes all costs or liability incurred by the other party because of such enforcement.

7.4 Commercialization of Project IP

- a) Within 30 days after delivery of the Final Report to each party, the parties will discuss in good faith prospects for Commercialization of the Project IP. Taking into consideration the nature of the Project IP and the potential market therefor, what Background IP may be necessary to Commercialize the Project IP and which party owns that Background IP, and the interest and capability of each party to Commercialize the Project IP, the parties will decide whether one party or the other should Commercialize the Project IP.
- b) If the parties elect one party to Commercialize the Project IP, the parties within 60 days following their decision, will negotiate an exclusive, royalty-bearing license to the one party under the other party's interest in Project IP. Any such license will grant back to the one party a nonexclusive, royalty-free license under Project IP solely for non-commercial research.
- c) If the parties are unable to reach agreement as to a party to lead Commercialization of Joint IP or on the terms of a license to one party, each party will be free to Commercialize Project IP subject to the other party's rights in Background IP.

8. CONFIDENTIAL INFORMATION

8.1 Use and Disclosure of Confidential Information

The Recipient may use the Confidential Information solely for the purpose of this Agreement, and for no other purpose, and Recipient shall keep the Confidential Information secret and confidential, and not disclose, communicate, or otherwise make known to any person any part of the Confidential Information without the prior written consent of the Discloser, which the Discloser may give or to decline to give in its discretion.

8.2 Relief to Recipient

The Recipient is relieved from the Recipient's obligations contained in clause 8.1 in respect to any Confidential Information which:

- (i) the Recipient can show was lawfully in the possession of the Recipient as at the date of the disclosure and was not subject to an obligation of confidentiality, or
- (ii) becomes part of the public domain otherwise than by a breach of this Agreement, or
- (iii) the Recipient can show was received in good faith from a person without any obligation of confidentiality.

The Recipient is also relieved from the Recipient's obligations contained in clause 8.1 to the extent that the Recipient has a legal obligation to disclose the Confidential Information, provided the Recipient notified the Discloser of the legal obligation, and if possible, postponed the disclosure to enable the Discloser, if it decides to do so, to seek relief for the Recipient from that legal obligation to disclose.

8.3 Survival of Obligations

The expiration or termination of this Agreement shall not affect the continuation of each party's obligations in clause 8.

8.4 Use and Disclosure of Project IP

(a) Each party will treat Project IP as Confidential Information of the other party and not use it or disclose it to anyone without the consent of the other party until 90 days after delivery to the parties of the Final Report ("Negotiation Period"). A party's obligation under this clause 8.4 will not apply to Project IP that would be subject to relief under clause 8.2.

(b) After expiration of the Negotiation Period, unless a license agreement agreed to under clause 7.4 provides otherwise, each party may freely disclose and use Project IP that it solely or jointly owns. The previous sentence does not grant a party any right to exploit IP Rights or Background Rights solely owned by the other party.

9. ACADEMIC PUBLICATION

9.1 Proposed Publications before Expiration of Negotiation Period

Each party will deliver to the other party any Proposed Publication. Before expiration of the Negotiation Period, a party may not publish the Proposed Publication without approval of the other party. If, within 30 days after receipt of the Proposed Publication, the other party does not approve publication or makes a written request for a specific revision of the Proposed Publication or delay permitting filing of patent applications, the Proposed Publication may be submitted for publication. The parties will cooperate to avoid jeopardizing possible patent protection for Project IP.

9.2 Proposed Publications before Expiration of Negotiation Period

Provided a Proposed Publication does not disclose a party's Confidential Information, infringe a party's solely-owned Background Rights, or violate a license agreement agreed to under clause 7.4, each party may publish or authorize publication of any Proposed Publication without consent of the other party at any time after the Negotiation Period.

9.3 Student Thesis

If a Student Thesis contains Project IP and will be published or catalogued in a library, it will be a Proposed Publication subject to this clause 9. If such a Student Thesis will be examined prior to expiration of the Negotiation Period, the examiners must agree to the confidentiality obligations of clause 8.

9.4 Other Party's Confidential Information

A Proposed Publication or Student Thesis may not contain another party's Confidential Information without its prior written consent.

11. EXCLUSION OF WARRANTIES

11.1 Research is Uncertain

The parties acknowledge the fundamental uncertainty with respect to the results of the Research Program.

11.2 Acknowledgments

Each party acknowledges that:

- (a) except for such warranties expressly set out in this Agreement, there are no other terms or warranties binding on either party,
- (b) no party has made, nor has any person on behalf of a party made, any warranty, undertaking, or understanding whatsoever that is not expressly set out in this Agreement,
- (c) to the full extent permitted by law, there are no statutory warranties binding upon either party, and
- (d) no representation or promise of any description, not expressly included in this Agreement, was made before this Agreement was signed.

11.3 No Other Warranties

Each party acknowledges that neither party has made or makes any warranty or representation whatsoever as to:

- (a) the safety of the Project IP,
- (b) the Commercialisation of the products derived from the Project IP,
- (c) the marketability of such products,
- (d) the profits or revenues that may result from the Commercialisation of such products,
- (e) the Commercialisation prospects of any part of the Project IP,
- (f) any research outcome,
- (g) the patentability of any Project IP,
- (h) the validity or enforceability of any patent claiming any Project IP, and
- (i) whether any Milestone will be achieved, or is capable of being achieved.⁸¹

⁸¹ Delete this sub-clause if the Research Program does not refer to Milestones.

12. LIABILITIES

12.1 Limit on Liability

(a) Notwithstanding anything to the contrary in this Agreement, a party's entire liability under this Agreement, regardless of the basis on which the other party is entitled to claim damages (including fundamental breach, negligence, misrepresentation or other contract or tort claim), will be limited in the aggregate for all claims and causes of action to actual direct damages, but in no event more than:

- (i) the amount paid to that party under this Agreement, or
- (ii) \$10.00,⁸² whichever is the higher amount.

(b) Paragraph (a) does not apply when a party breaches its obligations of confidentiality in this Agreement.

12.2 Indemnity

(a) Each party indemnifies and shall continue to indemnify each other party, its officers, employees, sub-contractors and agents, from and against all actions, claims, proceedings or demands (including those brought by third parties) which may be brought against it or them, whether on their own or jointly, in respect of any loss, death, injury, illness or damage (whether personal or property) arising out of that party's own use of the Project IP, including its own Commercialisation of the Project IP (if applicable).

(b) The obligation to indemnify P1 and its officers, employees, sub-contractors and agents set out in paragraph (a) is a continuing obligation separate and independent of other obligations, and shall survive the expiration or termination of this Agreement.

13. DISPUTE RESOLUTION

Any dispute arising directly under the express terms of this Agreement or the grounds for termination thereof will be resolved as follows. First, within ten (10) days after either Party identifies the existence of a dispute, each party will appoint a representative with authority to resolve the identified dispute and such representatives, within 20 days after their appointment, will meet to attempt to resolve such dispute. If the representatives cannot resolve the dispute, either Party may make a written demand for formal dispute resolution. Within ten (10) days after such written demand, the Parties shall meet for one day with an impartial mediator solely to consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within ten (10) days after the one-day mediation, either Party may begin litigation proceedings.

Each Party agrees not to file for or otherwise initiate a litigation or arbitration directed to the dispute being discussed by the Parties under this Clause 13 before or during such discussions. Each Party further agrees that it will retain in confidence any information disclosed by the other Party during such discussions (except for information already in the public domain).

⁸² Change amount to a modest sum in your own currency.

14. TERMINATION

14.1 Termination for Default

If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

14.2 Termination for Event of Default

If an Event of Default shall occur the non-defaulting party may by notice in writing terminate this Agreement immediately. For the purposes of this Agreement, each of the following shall be an Event of Default:

- (a) if a party assigns or sub-contracts the performance of this agreement to another person without the other party's prior written consent, or
- (b) if a party becomes insolvent or subject to administration or liquidation.⁸³

14.3 Termination Does Not Affect Prior Rights or Obligations or Accrued Rights

- (a) The termination of this Agreement by any party shall not relieve the other party from performing all obligations which:
 - (i) fell due to be performed before the effective date of termination of this Agreement, or
 - (ii) fall due to be performed as a result of that termination.
- (b) The termination of this Agreement will not affect any rights which accrue to any party before the termination, or which arise in connection with the termination, which are preserved.

15. TERMINATION AND CONFIDENTIAL INFORMATION

15.1 Return of Confidential Information

Immediately upon the termination or expiration of this Agreement, however that arises, unless the parties shall enter into a further Agreement in respect to the Confidential Information, the Recipient must immediately upon being so requested in writing by the Discloser, deliver to the Discloser all Confidential Information in its possession and all tangible items containing any Confidential Information or summaries thereof.

15.2 Destruction of Confidential Information

Any part of the Confidential Information which cannot conveniently be returned to the Discloser by the Recipient must be destroyed in the manner that the Discloser directs.

⁸³ Customise these phrases to refer to applicable insolvency terms in your own country.

16. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

17. GENERAL

17.1 No Assignment or Sub-Contracting

No party may assign, sub-contract, or transfer, any of its rights or obligations in this Agreement to any person, without the prior written consent of the other party.

17.2 Relationship between the Parties

No party may at any time, without the prior written consent of the other act as or represent that it is the agent, partner, joint venturer or representative of the other.

17.3 Counterparts

This Agreement may be executed in separate counterparts, and all those counterparts together constitute one agreement.

17.4 Legal Costs

Each party shall be responsible for its own legal fees and costs in connection with the preparation, negotiation and execution of this Agreement.

17.5 Warranty of Authority

Where this Agreement is signed by a person for and on behalf of a party to this Agreement, that person:

- (a) warrants that the person is the authorised agent of that party with express authority to enter into and sign this Agreement for and on behalf of that party, and thereby to bind that party to the obligations upon that party contained in this Agreement; and
- (b) acknowledges that the other party to this Agreement would not have entered into this Agreement but for the warranty of authority contained in paragraph (a).

17.6 Whole Agreement

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

17.7 Variations

No variation to this Agreement shall be binding upon the parties unless that variation is in writing, and is signed by all the parties to this Agreement.

17.8 Waiver

Any waiver shall be an effective waiver only if the waiver is expressly set out in writing and signed by the party making the waiver.

17.9 Applicable Law

(a) The parties agree that this Agreement is made and entered into in ^{*84} and shall be construed according to the laws thereof.

(b) The parties agree to submit themselves to the non-exclusive jurisdiction of the laws in force for the time being in *.

17.10 Severance

If it is held by a court that any part of this Agreement is or would be void, voidable, illegal or unenforceable, or the application of any part of this Agreement to any person or circumstances shall be or become invalid or unenforceable, that part shall be severable and shall not affect the continued operation of the remaining terms of this Agreement.

⁸⁴ Insert the state, province or country that the parties agree to be the governing law for this Agreement.

SIGNATURES OF PARTIES

SIGNED

)

for **[NAME OF PARTY P1]**

)

Signature

in the presence of

)

)

Signatory print full name

Date⁸⁵

Signature of witness

Witness print full name

SIGNED

)

for **[NAME OF PARTY P2]**

)

Signature

in the presence of

)

)

Signatory print full name

Date

Signature of witness

Witness print full name

⁸⁵ It is good practice to include the dates of signature by the parties in case the parties fail to complete the date on the first page.

CONSULTANCY AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

^{*86} _____, a ^{*87} _____, located at ^{*88} _____
 (“University”)

AND

* _____, a _____, located at _____ ^{*89} (“Company”)

AGREE AS FOLLOWS:

BACKGROUND

- A. The Company has requested the University to perform Services.
- B. The University has agreed to perform the Services upon the terms of this Agreement.

THIS AGREEMENT PROVIDES

1. INTERPRETATION

1.1 The Reference Schedule⁹⁰ attached to this Agreement defines the following terms used in this Agreement:

Company Representative,
 Deliverable,
 Expenses,
 Fees,
 Personnel,
 Services,
 Timeframe,

⁸⁶ Insert the formal legal name of the university or research organization.

⁸⁷ Insert legal nature of the university or research organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

⁸⁸ Insert the address of the university or research organisation that will be undertaking the research.

⁸⁹ Insert the legal name, legal nature, and address of the other party.

⁹⁰ The Reference Schedule is located at the back of the Agreement, and is the location where these terms will be defined.

University Representative.

1.2 Definitions

In this Agreement:

Confidential Information means any information that is labelled or identified at the time of disclosure under this Agreement as confidential or proprietary. Confidential Information also includes, but is not limited to, Company Material, Deliverables, and Intellectual Property, whether or not labelled or identified as confidential.

Company Material means all information and documents, if any, provided by the Company to the University to facilitate its performance of the Services.

Intellectual Property means conceptions, ideas, innovations, discoveries, inventions, processes, machines, biological materials, formulae, equipment, compositions of matter, formulations, plans, specifications, drawings, improvements, enhancements, modifications, technological developments, know-how, show-how, methods, techniques, systems, designs, production systems and plans, software, documentation, data, programs and information (irrespective of whether in human or machine-readable form), integrated circuits and their design and layout, and works of authorship, whether or not patentable, copyrightable, or susceptible to any other form of legal protection, arising during performance of Services, and any patent, application for a patent, right to apply for a patent or similar right, copyright or other rights in the nature of copyright, circuit layout right, plant breeders right, design right or registration, or trade secret right with respect to any of the foregoing. Intellectual Property specifically includes, but is not limited to, analytical, testing and other data arising from performance of the Services and copyrights subsisting in the Deliverables.⁹¹

Moral Rights means an author's right of attribution of authorship, right of integrity of authorship, and right not to have authorship falsely attributed.

1.3 Interpretation

(a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.

(b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.

(c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.

(d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.

(e) Where a word or phrase is given a meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.

(f) Where a party to this Agreement is more than one person, the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.

⁹¹ Intellectual Property may be limited to data arising from the Services and copyrights in Deliverables if the parties agree. This broader definition will encompass any invention conceived during performance of Services even though not part of expected results or among Deliverables.

2. SERVICES

2.1 The University will carry out the Services expeditiously, diligently and by employing properly qualified persons.

2.2 To assist the University to undertake the Services, the Company will provide the Company Material, if any, to the University.

2.3 The University will use its reasonable endeavours to complete the Services within the Timeframe.

2.4 Liaison between the Company and the University shall occur between the Company Representative and the University's Representative.

2.5 The Company and the University may change their respective representative by written notice to the other.

3. DELIVERABLES

The University will use its reasonable efforts to deliver the Deliverables to the Company, by their respective due dates for delivery set out in the Reference Schedule.

4. PERSONNEL

If the Reference Schedule names any Personnel, the University will engage the Personnel to perform the Services, and no other persons, without the prior written consent of the Company. If any of the Personnel cease to perform the Services or become unavailable to perform the Services, those Personnel will be replaced within a reasonable time with persons approved in writing by the Company, who then become the Personnel for the purposes of this Agreement. If Personnel are not replaced within a reasonable time, or replacement Personnel are not approved by the Company, and the Company so notifies the University, either the Company or the University may terminate this Agreement by written notice to the other.

5. FEE & EXPENSES

5.1 The Company shall pay the Fees to the University, in the manner and at the times referred to in the Reference Schedule.

5.2 If the Reference Schedule refers to Expenses, the University may incur the Expenses, up to the maximum amount indicated in the Reference Schedule, without the Company's prior written approval. If the University needs to incur any expense that is not referred to in the Reference Schedule, or which exceed the maximum amount specified in the Reference Schedule, the University will obtain the Company's prior written approval before incurring that expense.

5.3 The University will provide invoices to the Company in relation to Fees, Expenses and other approved expenses, which will describe (a) the Services performed, (b) the hours or days worked if Fees are based on time expended, (c) milestones achieved if Fees are payable on achieving milestones, and (d) all Expenses or other approved expenses incurred. Each invoice will be accompanied by documentary evidence supporting each claimed Fee, Expense or other approved expense. The Company shall pay correctly submitted invoices within 30 days after the date of receipt of the invoice.

6. REPORTS

6.1 If indicated to be a Deliverable, the University will provide interim reports in writing to the Company with respect to the progress of the Services, at the frequency set out in the Reference Schedule. Interim reports will report upon anything relating to the Services that the Company notifies in writing it reasonably requires.

6.2 If indicated to be a Deliverable, the University will provide a final report in writing to the Company with respect to the completion of the Services. The final report will be delivered to the Company promptly upon the completion of the Services. A final report will report upon anything relating to the Services that the Company notifies in writing it reasonably requires.

7. INTELLECTUAL PROPERTY

7.1 All Intellectual Property arising from performance of Services shall be the sole property of the Company, and the University hereby assigns the Intellectual Property to the Company.⁹²

7.2 The University will sign, and will ensure Personnel other staff engaged in Services sign, any document reasonably required by the Company to record the Company's ownership of the Intellectual Property.

8. MORAL RIGHTS

The University must obtain from the Personnel and its other staff engaged in performing Services written consents to the following classes or types of acts or omissions in relation to their Moral Rights and any work in which copyright subsists that is included in the Deliverables:

- (a) using, reproducing, communicating, modifying or adapting all or any part of a work, with or without attribution of authorship,
- (b) adding to a work, or removing parts of a work, and
- (c) using a work in a different context to that originally envisaged, but not false attribution of authorship.

9. CONFIDENTIALITY

9.1 Unless otherwise authorized in writing by the Company, the University must use the Confidential Information solely for the purpose for which it was disclosed and for no other purpose, keep the Confidential Information secret and confidential, and not, disclose, communicate, or otherwise make known to any person any part of the Confidential Information.

9.2 The University is relieved from the University's obligations contained in clause 9.1 in respect to any Confidential Information which:

- (a) the University can show was in its possession on the date Company disclosed it to University and was not subject to an obligation of confidentiality, or

⁹² Refer to footnote 6. This clause will operate in relation to the Intellectual Property, as that term is defined, given the choice made in relation to footnote 6.

- (b) becomes part of the public domain otherwise than by a breach of this Agreement, or
- (c) the University can show was received in good faith from a person without any obligation of confidentiality.

9.3 The University is also relieved from the University's obligations contained in clause 9.1 to the extent that the University has a legal obligation to disclose the Confidential Information, and in this case the University must:

- (a) notify the Company of the legal obligation, and
- (b) if possible, postpone the disclosure to enable the Company, if it decides to do so, to seek relief for the University from that legal obligation to disclose.

9.4 The University will return to the Company all copies of the Company Material, upon the Company's request.

9.5 The University will ensure that the Personnel comply with clauses 9.1 to 9.4.

9.6 The termination of this Agreement shall not affect the continuation of each party's obligations in clause 9.

10. ASSIGNMENT & SUB-CONTRACTING

10.1 The University will not assign this Agreement without the Company's prior written consent.

10.2 The University will not sub-contract any part of the Services without the Company's prior written consent.

11. NO AGENCY

11.1 The University is not the agent of the Company.

11.2 The University does not have authority to bind the Company, and will not represent itself to be the agent or representative of the Company.

12. INSURANCE

The University warrants that the University has in place, and will throughout performance of the Services continue to have in place all insurance policies that are reasonably prudent to have, for insured amounts that are prudent, having regard to the nature of the Services to be undertaken, including professional indemnity insurance.

13. LIABILITIES

13.1 Notwithstanding anything to the contrary in this Agreement, the University's entire liability under this Agreement, regardless of the basis on which the other party is entitled to claim damages (including fundamental breach, negligence, misrepresentation or other contract or tort claim), will be limited in the aggregate for all claims and causes of action to actual direct

damages in an amount equal to the amount paid to the University under this Agreement and received by it, and \$10.00,⁹³ whichever is the higher amount.

13.2 Clause 13.1 does not apply when a party breaches its obligations of confidentiality in this Agreement.

13.3 If practicable, and at the University's election, the University may elect to re-perform the Services, rather than paying to the Company its actual direct damages limited pursuant to clause 13.1.

13.4 The Company indemnifies and shall continue to indemnify the University, its officers, employees, sub-contractors and agents, from and against all actions, claims, proceedings or demands brought by third parties which may be brought against it or them, whether on their own or jointly, in respect of any loss, death, injury, illness or damage (whether personal or property) arising out of that party's own use of the Intellectual Property. This obligation to indemnify is a continuing obligation separate and independent of other obligations, and shall survive the expiration or termination of this Agreement.

14. TERM and TERMINATION

14.1 This Agreement will expire on the first anniversary of the Effective Date or on expiration of the Timeframe, whichever is earlier. The parties may extend the term of this Agreement by written agreement.

14.2 The Company may terminate this Agreement at any time, without giving any reason, by written notice to the University, which will be effective:

- (a) seven days after notice where the Timeframe is less than six (6) months,
- (b) 14 days after notice where the Timeframe is between six and 12 months, and
- (c) 21 days after notice where the Timeframe is greater than 12 months.

14.2 If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

14.3 As of the effective date of any termination, the University will not incur any Expense, nor any approved expense.

14.4 The Company will pay any part of the Fees due to the University up to the effective termination date, and any Expenses or approved expenses unavoidably incurred up to the effective termination date, but is not liable to make any other payment to the University.

15. DELAY

15.1 The Timeframe will be extended by the periods of any delay that are caused outside the University's control.

⁹³ Change amount to a modest sum in your own currency.

15.2 If any delay or delays occur for an aggregate period that exceeds 25% of the duration of the Timeframe, either party may by written notice to the other terminate this Agreement.

16. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

17. WHOLE AGREEMENT

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

18. VARIATIONS

No variation to this Agreement, and no variation to the Reference Schedule, shall be binding upon the parties unless that variation is in writing, and is signed by officers or directors of all the parties.

19. GOVERNING LAW

This Agreement is made and entered into in [state and/or country]⁹⁴. The parties agree to submit themselves to the non-exclusive jurisdiction of the courts in that place.

⁹⁴ Insert the jurisdiction that you want to govern this Agreement. Refer to the Guidelines on the choice to be made here.

SIGNATURES OF PARTIES

**SIGNED on behalf of
the University**

**SIGNED on behalf of
the Company**

Signature of Authorised Officer

Signature of Authorised Officer

Signature of Witness

Signature of Witness

NOTE:

The third column contains guidance on completing the second column.

When completed:

1. delete the third column,
2. widen the second column to take up the remainder of the page
3. delete this Note.

REFERENCE SCHEDULE

Company Representative	<table border="1"> <tbody> <tr><td>Name</td><td></td></tr> <tr><td>Position</td><td></td></tr> <tr><td>Address</td><td></td></tr> <tr><td>Telephone</td><td></td></tr> <tr><td>Facsimile</td><td></td></tr> <tr><td>Email</td><td></td></tr> </tbody> </table>	Name		Position		Address		Telephone		Facsimile		Email		Insert name, position, telephone number, fax number, and email address of the Company's Representative on this Project.
Name														
Position														
Address														
Telephone														
Facsimile														
Email														
Deliverables	<table border="1"> <thead> <tr><th>Due Date</th><th>Deliverable</th></tr> </thead> <tbody> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> </tbody> </table>	Due Date	Deliverable							Describe the things that the University will deliver to the Company. For example, interim reports, final reports, electronic files, surveys, data, etc. If applicable, also indicates the dates for delivery of any deliverables.				
Due Date	Deliverable													
Expenses	<table border="1"> <thead> <tr><th>Expense</th><th>Amount</th></tr> </thead> <tbody> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> <tr><td></td><td></td></tr> </tbody> </table>	Expense	Amount							If the University may incur expenses without prior approval indicate the type of expense, and the maximum allowable amount below which no prior approval is necessary. Indicate the applicable currency. If no expenses are approved, simply insert "Not Applicable".				
Expense	Amount													

Fees		Describe the fee that is payable, and whether it is paid hourly, daily, or on some other basis. If it is payable by instalments only if milestones are achieved, fully describe those instalments and milestones to be achieved. For example, a milestone may be the delivery of a Deliverable. If the Fees must not exceed a maximum stated amount, indicate that amount.												
Personnel		Identify any personnel that the University will engage to undertake the Services who are the key people whose expertise is relied upon for the carrying out of the Services.												
Services		Describe the Services that the University will undertake. The Services need to be described with precision so that there is no room for disagreement about what precisely the University's obligations to the Company are.												
Timeframe		Identify the time frame for the completion of the services. Insert a date by which the Services must be completed. This should be the same date as the date that the last Deliverable is to be delivered.												
University Representative	<table border="1"> <tr> <td data-bbox="438 1581 600 1630">Name</td> <td data-bbox="603 1581 1054 1630"></td> </tr> <tr> <td data-bbox="438 1635 600 1684">Position</td> <td data-bbox="603 1635 1054 1684"></td> </tr> <tr> <td data-bbox="438 1688 600 1738">Address</td> <td data-bbox="603 1688 1054 1738"></td> </tr> <tr> <td data-bbox="438 1742 600 1792">Telephone</td> <td data-bbox="603 1742 1054 1792"></td> </tr> <tr> <td data-bbox="438 1796 600 1845">Facsimile</td> <td data-bbox="603 1796 1054 1845"></td> </tr> <tr> <td data-bbox="438 1850 600 1899">Email</td> <td data-bbox="603 1850 1054 1899"></td> </tr> </table>	Name		Position		Address		Telephone		Facsimile		Email		Insert name, position, telephone number, fax number, and email address of the University's Representative on this Project.
Name														
Position														
Address														
Telephone														
Facsimile														
Email														

EXCLUSIVE IP LICENSE AGREEMENT

Introductory Note

This template is suitable for any exclusive patent license agreement, where the university licenses patents to a commercial partner to be commercialised.

It is suitable where the subject matter of the license is a patent, patent application, or intellectual property intended to be patented, or a copyrighted work such as software, whether or not patented or intended to be patented.

This template assumes no confidential information will be exchanged and the Licensee will have no control over publications.

This template is not suitable to license software to an end user.

EXCLUSIVE IP LICENSE AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

^{*95} _____, a ^{*96} _____, located at ^{*97} _____
 (“University”)

AND

* _____, a _____, located at _____ ^{*98} (“Licensee”)

AGREE AS FOLLOWS:

BACKGROUND

- A. The University owns the Licensed IP as that term is defined below.
- B. The University has agreed to grant a license to the Licensee to Commercialise the Licensed IP, upon the terms of this Agreement.

1. PRELIMINARY

1.1 Definitions

In this Agreement:

Affiliate means any corporation or non-corporate business entity which controls, is controlled by, or is under common control with a party, and for that purpose control means the ownership or direct or indirect control of at least 50% of the voting shares of another corporation, or having directly or indirectly the power to direct or cause the direction of the management and policies of another corporation or non-corporate business entity.

Commercialize means making, using, selling, offering for sale, importing, copying, or distributing any product, process or original work for consideration, including without limitation, all activities directed to marketing, promoting, manufacturing, packaging and distributing products or services, offering for sale and selling products or services, importing products for sale, permitting or licensing others to do any of the foregoing, or using products to render services, where in each case, products includes software programs.

Effective Date means the date set forth at beginning of this Agreement or, if no date is set forth, the date of signature of the last party to sign this Agreement.

⁹⁵ Insert the formal legal name of the university or research organization.

⁹⁶ Insert legal nature of the university or research organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

⁹⁷ Insert the address of the university or research organisation that will be undertaking the research.

⁹⁸ Insert the legal name, legal nature, and address of the licensee.

Field⁹⁹ means *

Intellectual Property or IP means any legally enforceable right in any Technology, including without limitation, Patents and the claimed inventions; copyrights, and copyrighted original works, including software; industrial design rights and design patents; integrated circuit layout designs; and plant breeders' right or other right in plant varieties.

Licensed IP means the Intellectual Property owned or controlled by University as listed in Schedule 1¹⁰⁰ to this Agreement.

Licensed Product means any product or service the manufacture, use, sale, offer for sale, import, copying or distribution of which would infringe any Licensed IP.

Net Sales Price means:

(a) The gross invoiced price of a Licensed Product sold by or for Licensee or a Sublicensee to a Third Party, less the following, to the extent charged as part of the invoiced price, separately stated on the invoice and paid by or credited, as the case may be, to the Third Party: (i) credits, allowances, discounts, and rebates to, and charge backs from the account of, the Third Party for spoiled, damaged, outdated, rejected, or returned Licensed Products; (ii) actual freight, postage, transportation, and insurance costs incurred in delivering Licensed Products; (iii) reasonable and customary cash, quantity, and trade discounts actually given to the Third Party; (iv) sales, use, value-added, and other direct taxes to the extent billed to and paid by the Third Party; and (v) customs duties, surcharges, and other governmental charges incurred in connection with the exportation or importation of Licensed Products.

(b) In the case of a sale, loan, lease, consignment, distribution, or transfer of Licensed Products (i) to an Affiliate or other entity related to Licensee, (ii) to an end user having a special course of dealing with Licensee or an Affiliate thereof, (iii) to an end users who does not pay cash for the Licensed Product or pays cash for a Licensed Product bundled with another product of Licensee without any allocation of the payment among the bundled products, or (iv) otherwise not in an arm's-length transaction to a Third Party, the Net Sales Price will be the Average Net Sales Price (as such term is defined below) for sales to end users for such Licensed Product calculated under subsection (a) of this clause. As used herein the term "Average Net Sales Price" means (x) the average Net Sales Price (as calculated for transfers under subsection (a) of this clause), over the one-year period preceding the date of transfer that is within subsection (b) of this clause, of the same type and model of product (as the case may be) and in the same country as such transferee; (y) if such one-year average Net Sales Price data is unavailable, then the Licensee's, Affiliate's, or distributor's published list price of such product for end users in such country as the transferee; or (z) if data is unavailable under part (x) or (y), then the fair market value (with reference to the sales price of comparable products).

(c) Where Licensed Products are sold to an Affiliate of Licensee for purposes of resale, the Net Sales Price will be the Net Sales Price as determined under subsections (a) and (b) of this clause at which the Affiliate sells the Licensed Product.

Patents mean (a) patent applications in any country (including provisional applications, continuation applications, continued prosecution applications, continuation-in-part applications, divisional applications, substitute applications, or abandoned applications and applications for certificates of invention), including without limitation, patent applications under the International Treaties and Conventions, including the Patent Cooperation Treaty and the European Patent Convention; (b) any patents issued or issuing from such patent applications (including

⁹⁹ Accurately describe the Field in which the Licensee will Commercialize the Technology. If the license is granted without a Field restriction, remove this definition.

¹⁰⁰ List in Schedule 1 all Licensed IP being licensed.

certificates of invention); (c) all patents and patent applications based on, corresponding to, or claiming the priority date(s) of any of the foregoing; (d) any reissues, substitutions, confirmations, registrations, renewals, patents of addition, validations, re-examinations, additions, continuations, continued prosecution applications, continuations-in-part, or divisions of or claiming priority to any of the foregoing; and (e) term extensions, supplementary protection certificates and other governmental action which provide exclusive rights to a product beyond the original patent expiration date.¹⁰¹

Royalty Period means each the three-month period ending March 31, June 30, September 30 and December 31 each calendar year.

Sublicense Fees mean any lump sum or other money payments, but not including royalties or payments based on sales, received by Licensee from an Affiliate or Third Party in consideration for a sublicense under Licensed IP granted by Licensee in accordance with this Agreement. Sublicense Fees also include any amount of money that such sublicensed Affiliate or Third Party was obliged to pay for the sublicensed rights, including royalties or payments based on sales, but was relieved from doing so by any right of set-off or because of the Affiliate's or Third Party's withholding tax obligations for which Licensee receives a corresponding tax credit.

Sublicensee has the meaning set forth in clause 4.1.

Technology means conceptions, ideas, innovations, discoveries, inventions, processes, machines, biological materials, formulae, equipment, compositions of matter, formulations, plans, specifications, drawings, improvements, enhancements, modifications, technological developments, methods, techniques, systems, designs, production systems and plans, scientific, technical or engineering information, algorithms, concepts, ideas, methods, methodologies, including business method, software, documentation, data, programs and information (irrespective of whether in human or machine-readable form), integrated circuits and their design and layout, and works of authorship, whether or not patentable, copyrightable, or susceptible to any other form of legal protection.

Territory means the whole world *¹⁰².

Third Party means any person or entity that is not a party to this Agreement or an Affiliate thereof.

1.2 Interpretation

(a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.

(b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.

(c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.

(d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.

¹⁰¹ Delete definition if the license does not include a patent or a patent application

¹⁰² If not a worldwide license, amend to refer to the countries or regions to be licensed

- (e) Where a word or phrase is given a particular meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) Where a party to this Agreement is more than one person the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.
- (g) The word “including” is not a word of limitation.

2. TERM

2.1 Agreement Term

This Agreement, unless terminated in accordance with its terms, will remain in effect from the Effective Date until the date of expiration of the last to expire of Licensed IP.

2.2 Royalty Term

The obligation to pay royalties under this Agreement will expire on a country-by-country basis on the date the last Licensed IP in such country is abandoned, expires or is declared invalid.

3. GRANT OF LICENSE

3.1 Grant of License¹⁰³

- (a) The University grants to the Licensee an exclusive license under the Licensed IP to Commercialise Licensed Products in the Territory and the Field.
- (b) The University grants to the Licensee a non-exclusive license under the Licensed IP to conduct research and development in the Territory and the Field.
- (c) Licensee agrees that it has no right or license under Licensed IP outside the Territory or outside the Field.

3.2 Separate Agreements

This Agreement operates as a separate agreement in relation to each Licensed IP in each country. If any Licensed IP is abandoned, expires or is declared invalid in country, this Agreement will no longer apply to such Licensed IP without affecting the continued operation of this Agreement in relation to any other Licensed IP.

3.3 Recording of License

Where required or permitted by law, the Licensee may register this Agreement or its particulars, and the University will assist such registration at Licensee's expense.

¹⁰³ Delete references to the Field if license is not limited to a Field

4. GRANT OF SUB-LICENSES¹⁰⁴

4.1 Grant

The University grants to the Licensee the right to grant a sub-license to any Affiliate or Third Party (**Sublicensee**) to Commercialise the Licensed IP.¹⁰⁵

4.2 Terms of Sublicense

Each such sublicense (i) must be in writing and a signed copy thereof must be delivered to University within 30 days after it is signed, (ii) may not grant rights that are greater than or impose obligations that are less than those granted to Licensee in this Agreement, (iii) must identify the University as an intended beneficiary with the right to enforce its rights if Licensee does not, (iv) must permit University to audit the accounts of Sublicensee relevant to the sublicense if Licensee does not, (v) must provide for its automatic termination coincident with termination of this Agreement, (vi) may not grant the right to grant further sublicenses, and (vii) may not combine consideration for the sublicense with consideration for other benefits conveyed by Licensee.

5. FINANCIAL TERMS

5.1 Upfront Payment¹⁰⁶

The Licensee must pay to the University an upfront payment of \$^{*107} within 14 days after receipt of an invoice therefor from the University. The Licensee may or may not impose an upfront fee on any Sublicensee.

5.2 Milestone Payments¹⁰⁸

(a) The Licensee must pay to the University the following amounts, in relation to each of the following milestones, whether those milestones are achieved by the Licensee, an Affiliate, or a Sublicensee.

No	Milestone	\$
1.	¹⁰⁹	¹¹⁰
2.		
3.		

¹⁰⁴ Delete clause if sublicense right is not granted.

¹⁰⁵ If University requires prior approval of sublicenses, add at end of clause “, subject to prior written consent of University which consent will not be unreasonably withheld, delayed or conditioned.”

¹⁰⁶ Delete clause 5.1 if there is no upfront payment.

¹⁰⁷ Insert the amount of the upfront payment.

¹⁰⁸ Delete clause 5.2 if there are no milestone payments.

¹⁰⁹ Insert the milestones the achievement of which trigger the obligation to make the corresponding milestone payment.

¹¹⁰ Insert the amount of the milestone payment.

(b) The Licensee must promptly notify the University in writing of the achievement or completion of each milestone and must pay the amount associated with each milestone within 14 days after receipt of an invoice therefor from the University.

5.3 Consideration

(a) The Licensee must pay to the University a royalty of ^{*111} per cent of the Net Sale Price of Licensed Products sold by or for the Licensee, any Sublicensee or any Affiliate.

(b) In addition to royalties payable on sales by Sublicensees, the Licensee must pay to the University ^{*112} per cent of Sublicence Fees received by the Licensee.

5.4 Minimum Royalties¹¹³

a) If at the end of a full calendar year during the term of this Agreement, the royalties payable under clause 5.3(a) do not equal or exceed the amount specified in the following table, Licensee may pay to the University the difference between the accrued royalties and the specified amount to maintain the Agreement in force.

Calendar Year	Minimum Annual Royalties
114	115
[add rows if needed]	

b) If the Licensee fails to pay the difference between accrued and minimum royalty within 45 days after December 31, University may give notice of termination of this Agreement in accordance with clause 15.¹¹⁶

5.5 Royalty Advice and Payment

a) Within 45 days of the last day of a Royalty Period, the Licensee must send to the University a written statement providing for the relevant Royalty Period (i) the quantity of Licensed Products sold by or for Licensee, any Sublicensee or any Affiliate, (ii) the gross sale price in ^{* 117} for each such Licensed Product, (iii) if the gross sales price was in another currency, the currency conversion method and rate, (iv) the Net Sales Price for each such Product and the method used to determine the Net Sales Price, (v) the royalties payable and the method of calculating such royalties, (vi) any Sublicence Fees received and (vii) the amount of Sublicence Fees payable.

¹¹¹ Insert royalty rate for Licensed Products sold

¹¹² Insert share rate for Sub-License Fees received.

¹¹³ Minimum royalties may be used instead of some diligence requirements. If not agreed to, delete this clause.

¹¹⁴ Insert a full calendar year after the Effective Date. If the Effective Date is July 1, 2017, then the first full calendar year is 2018.

¹¹⁵ Insert the minimum annual royalty required. To induce diligence, the amount may increase from year to year.

¹¹⁶ As an alternative to termination, failure to pay the minimum royalty may permit the University to convert the license to nonexclusive.

¹¹⁷ Insert the currency in which payments are to be made

b) Licensee will accompany each written statement with copies of all reports and statements from Sublicensees received by Licensee in the Royalty Period.

c) Licensee, at the same time as delivering each written statement, will pay to University in immediately available funds all royalties and Sublicensee Fees payable for the Royalty Period by electronic bank transfer to a bank account identified in writing by the University.

5.5 Withholding Tax

If the Licensee is required to pay any withholding tax in respect of any royalties or payments due to the University, the Licensee may reduce the amount of royalties paid to the University by the amount of withholding tax paid by the Licensee if the Licensee provides copies of receipts to the University in relation to those payments.

5.6 Interest

If any amount due to be paid by the Licensee to the University pursuant to this Agreement is unpaid, the Licensee must pay interest on that amount, from the due date for the payment to the date paid at rate of 18% or the maximum rate permitted by applicable law, whichever is lower.

6. ACCOUNTS

6.1 Accounts to be Maintained by the Licensee

The Licensee must keep, and must ensure that each Affiliate and Sublicensee keeps, true and accurate accounts and records of (i) the quantities of Product produced, sold, and in stock; (ii) the gross sales price for which quantities of the Products are sold; (iii) all other accounting, stock, ordering, purchasing invoicing, and delivery records in relation to the Products as are required by good accounting practice; (iv) Sublicensee Fees received due and received; (v) Sublicenses granted; (vi) correspondence to and from Sublicensees; and (vii) documents relating in any manner to the business of Sub-Licensees.

6.2 Inspection of Accounts by the University

(a) The University, at its expense, may appoint a qualified person to inspect the Licensee's or an Affiliate's books and records maintained pursuant to clause 6.1. Such person, upon seven days advance written notice, during normal business hours, may inspect and copy all accounts and records kept pursuant to clause 6.1 at the place they are normally retained. University may conduct only one such inspection in any 12-month period. Licensee agrees to reasonably cooperate with such person to facilitate such inspection.

(b) If because of any inspection the University discovers any underpayment of the amounts required to be paid by the Licensee to the University pursuant to this Agreement and the underpayment exceeds five percent (5%) of the amount that should have been paid, the Licensee shall reimburse the University for all reasonable costs incurred in relation to that inspection.

(c) If Licensee elects to inspect the accounts of any Sublicensee, Licensee will provide with advance written notice of such inspection, which notice will identify the reasons for such inspection. Licensee will give University a copy of any report of the results of such inspection.

7. DILIGENCE OBLIGATIONS¹¹⁸

7.1 Licensee Diligence¹¹⁹

The Licensee must use commercially reasonable efforts to develop, manufacture, promote, market, and sell Licensed Products, which efforts must be no less than the efforts expended by Licensee to bring its own comparable products to market. Licensee will be presumed to have satisfied its obligations if:

a) Before first commercial sale of a Licensed Product, Licensee budgets and spends on the development of Licensed Products the amounts specified below:

No	Year	Minimum expenditure
1.	¹²⁰	¹²¹
2.		
3.	[add rows if needed]	

b) Before first commercial sale of a Licensed Product, Licensee budgets and spends on promotion and marketing Licensed Products the amounts specified below:

No	Year	Minimum expenditure
1.	¹²²	¹²³
2.		
3.	[add rows if needed]	

c) Licensee makes the first commercial sale, directly or through a Sublicensee or Affiliate, of a Licensed Product in the countries or regions and by the dates specified below:

Country or Region	Date
¹²⁴	¹²⁵

¹¹⁸ Diligence requirements may not be needed if minimum royalties are used.

¹¹⁹ All or any of subparagraphs (a), (b) and (c) may be used as diligence requirements. For example, if the Licensed Product requires little or no development to be market ready, subparagraph (a) should be deleted.

¹²⁰ Insert year.

¹²¹ Insert the required minimum expenditure in the corresponding year.

¹²² Insert year.

¹²³ Insert the required minimum expenditure in the corresponding year.

¹²⁴ Insert the relevant countries or regions where first sales must be achieved.

¹²⁵ Insert the by which first commercial sale is to be achieved in each corresponding country or region.

[add rows if needed]	
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- d) University may audit the records of Licensee to confirm satisfaction of any diligence requirement.
- e) Failure to satisfy one or more of the foregoing diligence requirements may entitle the University to terminate this Agreement under clause 15.1, but University will not be entitled to damages for such failure.¹²⁶
- f) The parties may waive or amend any diligence requirement by written agreement.

8. GENERAL OBLIGATIONS OF LICENSEE

8.1 Regulatory Approvals

The Licensee must, at its expense, (i) apply for and obtain all regulatory approvals, licences, permits and approvals from any government, government agency, or regulatory agency that may be required to Commercialise Licensed Products in the Territory, (ii) notify the University of filing each such application; and (iii) notify the University of the result of each such application.

8.2 Use of Patent Numbers

The Licensee must ensure that the Licensed Products and the packaging of the Licensed Products includes a reference to the Patent numbers included in Licensed IP that relate to that Licensed Product, where the absence of that reference in any manner may detrimentally affect the rights conferred by such Patents.

8.3 Standard of Manufacture

The Licensee must manufacture Licensed Products to a high standard of quality, and must comply with any standards set by any regulatory agency having authority over the Products.

8.4 Compliance with Laws

The Licensee must comply with all laws in relation to the Commercialisation of the Licensed IP.

8.5 No Misleading or Deceptive Conduct

The Licensee must not engage in any misleading or deceptive conduct or conduct likely to mislead or deceive in conjunction with Commercialising the Licensed IP.

8.6 Reporting by the Licensee

The Licensee must provide to the University a written report, no more frequently than once each calendar year, within two months after the University requests the report, detailing the progress of development (if applicable) and Commercialisation of Licensed IP, prospective grants of sublicenses, and other matters reasonably requested by the University.

¹²⁶ Delete the last phrase if University can seek damages for failure to meet diligence requirements.

9. INTELLECTUAL PROPERTY

9.1 Ownership

Licensee agrees that the Licensed IP is the property of the University. Licensee will not represent that it owns any of the Licensed IP. To the extent legally enforceable, Licensee agrees not to directly or indirectly contest or challenge the University's ownership or rights in the Licensed IP or the validity of any Licensed IP.

9.2 Notification of Infringement

If either party shall learn or believe that any unauthorised person has come into possession of any part of the Licensed IP, any person has made any improper or unauthorised use of the Licensed IP; or any unauthorised person is doing anything in contravention of rights that attach to and arise from the Licensed IP, that party must promptly report the full particulars to the other party.

9.3 Licensee Chooses to Take Infringement Proceedings

(a) The parties acknowledge that, as an exclusive licensee, the Licensee has standing to conduct proceedings against an infringer of Licensed IP, and accordingly, if the Licensee chooses to maintain proceedings against an infringer, the Licensee, will have sole control of such proceedings and will be solely responsible for all legal fees and disbursements with respect to such proceedings.

(b) The University must give to the Licensee any assistance that the Licensee may request in relation to those proceedings, at the Licensee's expense. The University may not be compelled to join the proceedings as a party but may agree to join, at Licensee's expense, if required by applicable law.

(c) From the damages or settlement received by the Licensee from such proceedings, the Licensee shall pay to the University an amount which represents the royalties that would have been payable by the Licensee to the University under this Agreement, on the amount of sales revenues in relation to which the Licensee's damages or settlement have been assessed (as distinct from the amount of actual damages recovered), or 50% of the net amount actually recovered after deduction of all reasonable costs incurred by Licensee in such proceedings, whichever is less.

9.4 Licensee Chooses not to Take Infringement Proceedings

If, after a request by the University, the Licensee elects not to institute proceedings against an infringer of Licensed IP and the University wishes to do so:

(a) the Licensee must give to the University any assistance that the University may request in relation to those proceedings, including join the proceedings as a party if required by law, at the University's expense; and

(b) the University will solely control the proceedings, will be solely responsible for all legal fees and disbursements with respect to such proceedings, and will solely take the benefit of any damages or other monies that accrue from those proceedings.

10. PATENTS

10.1 Patent Applications

To the extent Licensed IP includes Patents:

- (a) University will control and manage prosecution of all pending patent applications and the maintenance of all issued patents within Licensed IP. The University will consult with Licensee on all actions that may have an impact on the scope, content, pendency or issuance of all Patents in Licensed IP. The University must consider all Licensee comments and suggestions where applicable to Licensee's rights under this Agreement.
- (b) University must give Licensee access to or copies of all documents and correspondence relating to all patent applications within Licensed IP, and if University uses outside patent attorneys, must instruct them to provide such access or copies to Licensee.
- (c) Licensee may request University to file Patents in other countries. If legally possible and such Patents are part of Licensed IP, University will file for such Patents which will become part of Licensed IP.
- (d) If the University elects not to file for or to abandon a Patent that is part of Licensed IP, it must give Licensee sufficient advance written notice to permit Licensee to assume control of such Patent without loss of rights. If Licensee elects to assume control of such Patent, to the extent legally possible, University will assign such Patent to Licensee, and otherwise Licensee will thereafter have a royalty-free, exclusive license under such Patent. This clause 10.1(d) only applies to the specific Patent that University does not wish to retain and not to corresponding Patents in other countries.

10.2 Costs to be Reimbursed

- (a) Licensee must reimburse the University for all reasonable costs incurred with respect to the control, management and maintenance of Patents within the Licensed IP. University will send to Licensee invoices for such reimbursement, including copies of documents supporting the costs incurred. Licensee must pay the invoices within 14 days after receipt.
- (b) If the license granted in this Agreement is limited to a Field, then if University grants a license under Licensed IP outside the Field and recovers costs of Patent control, management and maintenance from a Third Party licensee, Licensee thereafter must reimburse University only for proportional share of the costs incurred with respect to the Patents licensed to such Third Party.
- (c) If Licensee does not wish to reimburse or continue reimbursing University for the costs associated with control, management or maintenance of a Patent, Licensee must give University 30 days advance written notice of such election. If University wishes to continue control, management and maintenance of such Patent, it may do so at its expense. The specific Patent that Licensee elects not to reimburse costs of will be removed from Licensed IP and Licensee will have no further rights under such Patent effective as of the date of its notice. This clause 10.2(b) only applies to the specific Patent that Licensee does not wish to reimburse for and not to corresponding Patents in other countries.

11. INSURANCE

11.1 The Licensee to Take Out Insurance

- (a) Before the Licensee Commercialises Licensed IP or sells any Licensed Product, the Licensee must take out a product liability policy of insurance covering all usual risks covered by such policies, including any loss or damage or injury of any kind whatsoever and howsoever caused to any person or property, and special, direct, indirect or consequential, including consequential financial loss suffered by any person, arising out of the Commercialisation of the Licensed IP or the use of the Licensed Products, for an amount not less than \$10,000,000.00 per claim or such other reasonable amount as the University shall from time to time notify the Licensee.

(b) Before any Sublicensee Commercialises any Licensed IP or sells any Licensee Product, the Licensee must ensure that the Sublicensee takes out a product liability policy of insurance of the same scope as required by clause 11.1(a).

11.2 The Licensee to Take Out No Fault Compensation Clinical Trial Insurance

Before the Licensee or a Sublicensee commences any clinical trial in relation to any Licensed IP, the Licensee must take out, or must ensure that any Sublicensee takes out a no fault compensation clinical trial policy of insurance covering all usual risks covered by such policies, including any loss or damage or injury or death and special, direct, indirect or consequential, including consequential financial loss suffered by any such person, arising out of the clinical trial, for an amount not less than \$5,000,000.00 per claim or such other reasonable amount as the University shall from time to time notify the Licensee.

11.3 The Licensee to Maintain Insurance

The Licensee must maintain the insurance policy referred to in clauses 11.1 and 11.2 until that date which is seven years from the date of the last sale of a Licensed Product.

13.4 The Licensee to Provide a Copy of Insurance

The Licensee must upon being required to do so by the University, produce to the University for the University's inspection the insurance policy referred to in clause 11.1 or 11.2, or a certificate of currency issued by the insurer in respect to such insurance.

13.5 The University May Insure if the Licensee Fails to Insure

If the Licensee fails to keep current the insurance policies required by clauses 11.1 and 11.2, the University may obtain such insurance, and Licensee must reimburse the University for all costs incurred by doing so.

12. WARRANTIES

12.1 Commercialisation is Uncertain

The Licensee acknowledges the fundamental uncertainty with respect to the Commercialisation of new technology.

12.2 Warranties by the University

(a) In relation to Patents in Licensed IP, the University warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the University solely owns such Patents and the inventions disclosed and claimed therein both legally and beneficially, and the use of such inventions as claimed in such Patents does not infringe any patent or other intellectual property rights of any Third Party published as of the Effective Date.

(b) In relation to copyrights in Licensed IP, the University warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the University solely owns the copyrighted work both legally and beneficially, and the copying, publication and distribution of the copyrighted work does not infringe the copyright of any Third Party in a work published as of the Effective Date.

(c) University further warrants to Licensee:

- (i) the Licensed IP is not encumbered, mortgaged, or charged in any way, nor subject to any lien;

- (ii) there is no litigation pending in respect to the Licensed IP, and there is no claim or demand that has been received from any Third Party in relation to the Licensed IP; and
- (iii) no license or right in the Licensed IP has been granted that conflicts with right granted to Licensee in this Agreement.

12.3 Acknowledgments

Each party acknowledges that:

- (a) Except for such warranties on the part of the University as are expressly set out in this Agreement, there are no other terms or warranties binding upon the University or between the University and the Licensee.
- (b) The University has not made, nor has any person on behalf of the University made, any term, warranty, undertaking, or understanding whatsoever that is not expressly set out in this Agreement.
- (c) To the full extent permitted by law, there are no statutory warranties binding upon the University.
- (d) No representation or promise of any description, not expressly included in this Agreement, was made before this Agreement was entered.

12.4 No Other Warranties

The Licensee acknowledges that the University has not made and does not make any warranty or representation whatsoever as to:

- (a) the safety of the Licensed IP or of the Licensed Products;
- (b) the Commercialisation of the Licensed IP or of the Licensed Products;
- (c) the marketability of the Licensed IP or of the Licensed Products;
- (d) the profits or revenues that may result from the Commercialisation of the Licensed IP or of the Licensed Products;
- (e) the Commercialisation prospects or success of any part of the Licensed IP or of the Licensed Products;
- (f) whether any Patent may be granted, or granted with the claims sought, or any reduced claims; or
- (g) whether any Patent granted may be declared invalid or cease to be registered.

13. RELEASE AND INDEMNITY

13.1 Release

- (a) The Licensee releases the University its officers, employees, sub-contractors and agents from and against all actions, claims, proceedings or demands and in respect of any loss, death, injury, illness or damage arising out of the Commercialisation or use of the Licensed IP, or any products derived from the Licensed IP.

(b) To the full extent permitted by law, the University, its officers, employees, sub-contractors and agents, will not be liable to the Licensee for any special, indirect or consequential damages, including consequential financial loss arising out of the Commercialisation or use of the Licensed IP, or any products derived from the Licensed IP.

13.2 Indemnity

(a) The Licensee indemnifies and shall continue to indemnify the University, its officers, employees, sub-contractors and agents, from and against all actions, claims, proceedings or demands (including those brought by Third Parties) which may be brought against it or them, whether on their own or jointly, in respect of any loss, death, injury, illness or damage arising out of the Commercialisation or use of the Licensed IP, or any products derived from the Licensed IP.

(b) The obligation to indemnify the University and its officers, employees, sub-contractors and agents set out in paragraph (a) is a continuing obligation separate and independent of other obligations, and shall survive the expiration or termination of this Agreement.

14. DISPUTE RESOLUTION

(a) Any dispute arising directly under the express terms of this Agreement or the grounds for termination thereof will be resolved as follows. First, within ten days after either Party identifies the existence of a dispute, each party will appoint a representative with authority to resolve the identified dispute and such representatives, within 20 days after their appointment, will meet to attempt to resolve such dispute. If the representatives cannot resolve the dispute, either Party may make a written demand for formal dispute resolution. Within ten (10) days after such written demand, the Parties shall meet for one day with an impartial mediator solely to consider dispute resolution alternatives other than litigation, which may include further negotiations, mediation, conciliation, arbitration, litigation, and expert determination. If an alternative method of dispute resolution is not agreed upon within ten days after the one-day mediation, either Party may begin litigation proceedings.

(b) Each Party agrees not to file for or otherwise initiate a litigation or arbitration directed to the dispute being discussed by the Parties under this Clause 13 before or during such discussions. Each Party further agrees that it will retain in confidence any information disclosed by the other Party during such discussions (except for information already in the public domain).

15. TERMINATION

15.1 Termination for Default

If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

15.2 Termination for Event of Default

If an Event of Default shall occur the non-defaulting party may by notice in writing terminate this Agreement immediately. For the purposes of this Agreement, each of the following shall be an Event of Default:

- (a) if a party assigns or sub-contracts (other than by Sublicense) the performance of this agreement to another person without the other party's prior written consent, or
- (b) if a party becomes insolvent or subject to administration or liquidation.¹²⁷

15.3 Termination Does not Affect Prior Rights or Obligations or Accrued Rights

- (a) The termination of this Agreement by any party shall not relieve the other party from performing all obligations which:
 - (i) fell due to be performed before the effective date of termination of this Agreement, or
 - (ii) fall due to be performed because of that termination.
- (b) The termination of this Agreement will not affect any rights which accrue to any party before the termination, or which arise in connection with the termination, which are preserved.

16. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

20. GENERAL

20.1 No Assignment by or Sub-Contracting by the Licensee

Except for Sublicenses granted under clause 4, Licensee must not assign, sub-contract, or transfer, any of its rights or obligations in this Agreement to any person, without the prior consent in writing of the University, which the University must not unreasonably withhold.

20.2 Relationship Between the Parties

- (a) The relationship between the parties is that of licensor and licensee, and nothing shall be construed or interpreted to make one party the agent, partner, joint venturer or representative of the other.
- (b) Neither party may at any time, without the prior written consent of the other, act as or represent that it is the agent, partner, joint venturer or representative of the other.

20.3 Further Assurance

Each party must on demand by another party perform all such acts and execute all such agreements, assurances and other documents and instruments as that party reasonably requires either to perfect the rights and powers afforded, created or intended to be afforded or

¹²⁷ Customise these phrases to refer to applicable insolvency terms in your own country.

created by this Agreement or to give full force and effect to, or facilitate the performance of, the transactions provided for in this Agreement.

20.4 Counterparts

This Agreement may be executed in separate counterparts, and all those counterparts together constitute one agreement.

20.5 Legal Costs

Each party shall be responsible for its own legal fees and costs in connection with the preparation, negotiation and execution of this Agreement.

20.6 Warranty of Authority

Where this Agreement is signed by a person for and on behalf of a party to this Agreement, that person:

- (a) warrants that the person is the authorised agent of that party with express authority to enter into and sign this Agreement for and on behalf of that party, and thereby to bind that party to the obligations upon that party contained in this Agreement; and
- (b) acknowledges that the other party to this Agreement would not have entered into this Agreement but for the warranty of authority contained in paragraph (a).

20.7 Whole Agreement

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

20.8 Variations

No variation to this Agreement shall be binding upon the parties unless that variation is in writing, and is signed by officers or directors of all parties to this Agreement.

20.9 Waiver

- (a) No failure or delay of any party to exercise any right given pursuant to this Agreement or to insist on strict compliance by any other party of any obligation in this Agreement shall constitute a waiver of any party's rights to demand exact compliance with the terms of this Agreement.
- (b) Waiver by any party of any particular default by any other party shall not affect or prejudice each party's right in respect of any prior or subsequent default of the same or of a different nature.
- (c) Any delay or omission by any party to exercise any right arising from any default shall not affect or prejudice that party's right in respect to such a default or any subsequent default or the continuance of any default.
- (d) Any waiver shall be an effective waiver only if the waiver is expressly set out in writing and signed by the party making the waiver.

20.10 Applicable Law

(a) The parties agree that this Agreement is made and entered into in *¹²⁸ and shall be construed according to the laws thereof.

(b) The parties agree to submit themselves to the non-exclusive jurisdiction of the laws in force for the time being in *.

20.11 Severance

If it is held by a court that any part of this Agreement is or would be void, voidable, illegal or unenforceable, or the application of any part of this Agreement to any person or circumstances is or may become invalid or unenforceable, that part shall be severable and shall not affect the continued operation of the remaining terms of this Agreement.

SIGNATURES OF PARTIES

SIGNED)	
for The University)	_____
in the presence of)	Signature
)	_____
)	Signatory print full name
)	_____
)	Signature of witness
)	_____
)	Witness print full name
)	Date _____

SIGNED)	
for THE LICENSEE)	_____
in the presence of)	Signature
)	_____
)	Signatory print full name
)	_____
)	Signature of witness
)	_____

¹²⁸ Insert the state, province or country that the parties agree to be the governing law for this Agreement.

Witness print full name

Date _____

SCHEDULE 1: LICENSED IP**Patents¹²⁹****Copyright¹³⁰**

¹²⁹ List all Patents being licensed. Delete if not applicable

¹³⁰ List all copyrighted works being licensed. Delete if not applicable

EXCLUSIVE IP AND TECHNOLOGY LICENSE AGREEMENT

Introductory Note

This template is suitable for any exclusive patent and technology license agreement, where the university licenses its patents and associated unpatented technology to a commercial partner to be commercialised.

It is suitable where the subject matter of the license is:

1. a patent, patent application, or intellectual property intended to be patented
2. software, whether or not patented or intended to be patented
3. know how
4. any combination of the above.

This template is not suitable to license software to an end user.

EXCLUSIVE IP AND TECHNOLOGY LICENSE AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

^{*131} _____, a ^{*132} _____, located at ^{*133} _____
 (“University”)

AND

* _____, a _____, located at _____ ^{*134} (“Licensee”)

AGREE AS FOLLOWS:

BACKGROUND

- A. The University owns the Licensed IP and Licensed Technology as those terms are defined below.
- B. The University has agreed to grant a license to the Licensee to Commercialise the Licensed IP and Licensed Technology, upon the terms of this Agreement.

1. PRELIMINARY

1.1 Definitions

In this Agreement:

Affiliate means any corporation or non-corporate business entity which controls, is controlled by, or is under common control with a party, and for that purpose control means the ownership or direct or indirect control of at least 50% of the voting shares of another corporation, or having directly or indirectly the power to direct or cause the direction of the management and policies of another corporation or non-corporate business entity.

Commercialize means making, using, selling, offering for sale, importing, copying, or distributing any product, process or original work for consideration, including without limitation, all activities directed to marketing, promoting, manufacturing, packaging and distributing products or services, offering for sale and selling products or services, importing products for sale, permitting or licensing others to do any of the foregoing, or using products to render services, where in each case, products includes software programs.

Confidential Information any information that is labeled or identified at the time of disclosure under this Agreement as confidential or proprietary to the Discloser, including inventions;

¹³¹ Insert the formal legal name of the university or research organization.

¹³² Insert legal nature of the university or research organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

¹³³ Insert the address of the university or research organisation that will be undertaking the research.

¹³⁴ Insert the legal name, legal nature, and address of the licensee.

discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products; prototypes; processes; names; know-how; routines; specifications; drawings; trade secrets; technology methods; computer programs; works in respect to which copyright subsists; circuit board layouts; business plans; marketing plans; strategies; market analysis; feasibility plans; concept documents; expert's reports; forecasts; projections; methodologies; financial accounts; financials statements; cash flow statements; valuations; and other knowledge.

Discloser means a party to this Agreement which discloses Confidential Information.

Effective Date means the date set forth at beginning of this Agreement or, if no date is set forth, the date of signature of the last party to sign this Agreement.

Field¹³⁵ means *

Intellectual Property or IP means any legally enforceable right in any Technology, including without limitation, Patents and the claimed inventions; copyrights and copyrighted original works, including software; industrial design rights and design patents; integrated circuit layout designs; and plant breeders right or other right in plant varieties.

Licensed IP means the Intellectual Property owned or controlled by University as listed in Schedule 1¹³⁶ to this Agreement.

Licensed Product means any product or service the manufacture, use, sale, offer for sale, import, copying or distribution of which would infringe any Licensed IP or which uses or embodies any Licensed Technology.

Licensed Technology means Technology that is owned or controlled by the University, that is Confidential Information of the University, and that is summarized in Schedule 2¹³⁷ to this Agreement.

Net Sales Price means:

(a) The gross invoiced price of a Licensed Product sold by or for Licensee or a Sublicensee to a Third Party, less the following, to the extent charged as part of the invoiced price, separately stated on the invoice and paid by or credited, as the case may be, to the Third Party: (i) credits, allowances, discounts, and rebates to, and charge backs from the account of, the Third Party for spoiled, damaged, outdated, rejected, or returned Licensed Products; (ii) actual freight, postage, transportation, and insurance costs incurred in delivering Licensed Products; (iii) reasonable and customary cash, quantity, and trade discounts actually given to the Third Party; (iv) sales, use, value-added, and other direct taxes to the extent billed to and paid by the Third Party; and (v) customs duties, surcharges, and other governmental charges incurred in connection with the exportation or importation of Licensed Products.

(b) In the case of a sale, loan, lease, consignment, distribution, or transfer of Licensed Products (i) to an Affiliate or other entity related to Licensee, (ii) to an end user having a special course of dealing with Licensee or an Affiliate thereof, (iii) to an end users who does not pay cash for the Licensed Product or pays cash for a Licensed Product bundled with another product of Licensee without any allocation of the payment among the bundled products, or (iv) otherwise not in an arm's-length transaction to a Third Party, the Net Sales Price will be the

¹³⁵ Accurately describe the Field in which the Licensee will Commercialize the Technology. If the license is granted without a Field restriction, remove this definition.

¹³⁶ List in Schedule 1 all Licensed IP being licensed.

¹³⁷ Summarize in Schedule 2 the type and general content of Technology being licensed by University.

Average Net Sales Price (as such term is defined below) for sales to end users for such Licensed Product calculated under subsection (a) of this clause. As used herein the term "Average Net Sales Price" means (x) the average Net Sales Price (as calculated for transfers under subsection (a) of this clause), over the one-year period preceding the date of transfer that is within subsection (b) of this clause, of the same type and model of product (as the case may be) and in the same country as such transferee; (y) if such one-year average Net Sales Price data is unavailable, then the Licensee's, Affiliate's, or distributor's published list price of such product for end users in such country as the transferee; or (z) if data is unavailable under part (x) or (y), then the fair market value (with reference to the sales price of comparable products).

(c) Where Licensed Products are sold to an Affiliate of Licensee for purposes of resale, the Net Sales Price will be the Net Sales Price as determined under subsections (a) and (b) of this clause at which the Affiliate sells the Licensed Product.

Patents mean (a) patent applications in any country (including provisional applications, continuation applications, continued prosecution applications, continuation-in-part applications, divisional applications, substitute applications, or abandoned applications and applications for certificates of invention), including without limitation, patent applications under the International Treaties and Conventions, including the Patent Cooperation Treaty and the European Patent Convention; (b) any patents issued or issuing from such patent applications (including certificates of invention); (c) all patents and patent applications based on, corresponding to, or claiming the priority date(s) of any of the foregoing; (d) any reissues, substitutions, confirmations, registrations, renewals, patents of addition, validations, re-examinations, additions, continuations, continued prosecution applications, continuations-in-part, or divisions of or claiming priority to any of the foregoing; and (e) term extensions, supplementary protection certificates and other governmental action which provide exclusive rights to a product beyond the original patent expiration date.¹³⁸

Proposed Publication means a manuscript or abstract intended for publication, a paper or abstract intended to be orally presented, or any poster presentation, that includes any reference to Confidential Information or Licensed Technology.

Public Domain means the general store of knowledge that is known or generally available and ascertainable by members of the community.

Recipient means a party to this agreement to whom Confidential Information is disclosed.

Royalty Period means each consecutive period ending March 31, June 30, September 30 and December 31 each year.

Student Thesis means a thesis by a student that is required to be examined to complete academic requirements for the making of an academic award, which refers to or contains any part of the Licensed Technology or Confidential Information.

Sublicense Fees mean any lump sum or other money payments, but not including royalties or other payments based on sales, received by Licensee from an Affiliate or Third Party in consideration for a sublicense under Licensed IP or Licensed Technology granted by Licensee in accordance with this Agreement. Sublicense Fees also include any amount of money that such sublicensed Affiliate or Third Party was obliged to pay for the sublicensed rights, including royalties or other payments based on sales, but was relieved from doing so by any right of set-off or because of the Affiliate's or Third Party's withholding tax obligations for which Licensee receives a corresponding tax credit.

Sublicensee has the meaning set forth in clause 4.1.

¹³⁸ Delete definition if the license does not include a patent or a patent application

Technology means conceptions, ideas, innovations, discoveries, inventions, processes, machines, biological materials, formulae, equipment, compositions of matter, formulations, plans, specifications, drawings, improvements, enhancements, modifications, technological developments, methods, techniques, systems, designs, production systems and plans, scientific, technical or engineering information, algorithms, concepts, ideas, methods, methodologies, including business method, software, documentation, data, programs and information (irrespective of whether in human or machine-readable form), integrated circuits and their design and layout, and works of authorship, whether or not patentable, copyrightable, or susceptible to any other form of legal protection.

Territory means the whole world ^{*139}.

Third Party means any person or entity that is not a party to this Agreement or an Affiliate thereof.

1.2 Interpretation

- (a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.
- (b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.
- (c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.
- (d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.
- (e) Where a word or phrase is given a particular meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) Where a party to this Agreement is more than one person the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.
- (g) The word "including" is not a word of limitation.

2. TERM

2.1 Agreement Term

This Agreement, unless terminated in accordance with its terms, will remain in effect from the Effective Date until the later of the date of expiration of the last to expire of Licensed IP or the 20th anniversary of the Effective Date.

2.2 Royalty Term

The obligation to pay royalties under this Agreement will expire on a country-by-country basis on the later of the date the last Licensed IP in such country is abandoned, expires or is declared invalid or the 20th anniversary of the Effective Date. If in a country there is no Licensed IP, the obligation to pay royalties will expire on the earlier of the date on which all substantial Licensed

¹³⁹ If not a worldwide license, amend to refer to the countries or regions to be licensed

Technology enters the Public Domain in such country or the 20th anniversary of the Effective Date.

3. GRANT OF LICENSE

3.1 Grant of License¹⁴⁰

- (a) The University grants to the Licensee an exclusive license under the Licensed IP and Licensed Technology to Commercialise Licensed Products in the Territory and the Field.
- (b) The University grants to the Licensee a non-exclusive license in the Territory to use the Licensed IP and Licensed Technology for research and development purposes.
- (c) Licensee acknowledges that it has no rights under Licensed IP or Licensed Technology outside the Territory or the Field.

3.2 Separate Agreements

This Agreement operates as a separate agreement in relation to each Patent in Licensed IP in each country and the Licensed Technology, to the intent and purpose that if any law of any country allows either party to terminate this Agreement by reason of any Patent ceasing to be in force, and a party does so, that termination shall operate with respect to the Patent that ceased to be in force, without affecting the continued operation of this Agreement in relation to all remaining Patents in Licensed IP and the Licensed Technology.

3.3 Recording of License

Where required or permitted by law, the Licensee may register this Agreement or its particulars, and the University will assist such registration at Licensee's expense.

3.3 Technical Assistance¹⁴¹

- (a) For up to ^{*142} man-hours over a period of ^{*143} months the Effective Date, the University will provide technical assistance to the Licensee to assist in understanding and assimilating Licensed Technology, without charge.
- (b) Any additional technical assistance that the Licensee may request may be provided by the University, in its discretion, under the terms of a services agreement which the parties will negotiate in good faith, and at the University's prevailing rates for the provision of services.

4. GRANT OF SUB-LICENSES

4.1 Grant

The University grants to Licensee the right to grant a sub-license to any Affiliate or Third Party (**Sublicensee**) to Commercialise Licensed IP and Licensed Technology. ¹⁴⁴

¹⁴⁰ Delete references to the Field if license is not limited to a Field

¹⁴¹ Delete if University will not provide technical assistance.

¹⁴² Insert number of man-hours of technical assistance University is willing to provide without charge.

¹⁴³ Insert number of months during which University will provide technical assistance.

¹⁴⁴ If University requires prior approval of sublicenses, add at end of clause " , subject to prior written consent of University which consent will not be unreasonably withheld, delayed or conditioned."

4.2 Terms of Sublicense

Each such sublicense (i) must be in writing and a signed copy thereof must be delivered to University within 30 days after it is signed, (ii) may not grant rights that are greater than or impose obligations that are less than those granted to Licensee in this Agreement, (iii) must identify the University as an intended beneficiary with the right to enforce its rights if Licensee does not, (iv) must permit University to audit the accounts of Sublicensee relevant to the sublicense if Licensee does not, (v) must provide for its automatic termination coincident with termination of this Agreement, (vi) may not grant the right to grant further sublicenses, and (vii) may not combine consideration for the sublicense with consideration for other benefits conveyed by Licensee.

5. FINANCIAL TERMS

5.1 Upfront Payment¹⁴⁵

The Licensee must pay to the University an upfront payment of \$*¹⁴⁶ within 14 days after receipt of an invoice therefor from the University. The Licensee may or may not impose an upfront fee on any Sublicensee.

5.2 Milestone Payments¹⁴⁷

(a) The Licensee must pay to the University the following amounts, in relation to each of the following milestones, whether those milestones are achieved by the Licensee, an Affiliate, or a Sub-Licensee.

No	Milestone	\$
4.	¹⁴⁸	149
5.		
6.		

(b) The Licensee must promptly notify the University in writing of the achievement or completion of each milestone and must pay the amount associated with each milestone within 14 days after receipt of an invoice therefor from the University.

5.3 Consideration

(a) The Licensee must pay to the University a royalty of *¹⁵⁰ per cent of the Net Sale Price of Licensed Products sold by or for the Licensee, any Sublicensee or any Affiliate.

¹⁴⁵ Delete clause 5.1 if there is no upfront payment.

¹⁴⁶ Insert the amount of the upfront payment.

¹⁴⁷ Delete clause 5.2 if there are no milestone payments.

¹⁴⁸ Insert the milestones the achievement of which trigger the obligation to make the corresponding milestone payment.

¹⁴⁹ Insert the amount of the milestone payment.

¹⁵⁰ Insert royalty rate for Licensed Products sold

(b) In addition to royalties payable on sales by Sublicensees, the Licensee must pay to the University ^{*151} per cent of Sublicense Fees received by the Licensee.

5.4 Minimum Royalties¹⁵²

(a) If at the end of a full calendar year during the term of this Agreement, the royalties payable under clause 5.3(a) do not equal or exceed the amount specified in the following table, Licensee may pay to the University the difference between the accrued royalties and the specified amount to maintain the Agreement in force.

Calendar Year	Minimum Annual Royalties
153	154
[add rows if needed]	

(b) If the Licensee fails to pay the difference between accrued and minimum royalty within 45 days after December 31, University may give notice of termination of this Agreement in accordance with clause 17.¹⁵⁵

5.5 Royalty Advice and Payment

(a) Within 45 days of the last day of a Royalty Period, the Licensee must send to the University a written statement providing for the relevant Royalty Period (i) the quantity of Licensed Products sold by or for Licensee, any Sublicensee or any Affiliate, (ii) the gross sale price in ^{*} 156 for each such Licensed Product, (iii) if the gross sales price was in another currency, the currency conversion method and rate, (iv) the Net Sales Price for each such Product and the method used to determine the Net Sales Price, (v) the royalties payable and the method of calculating such royalties, (vi) any Sublicense Fees received and (vii) the amount of Sublicense Fees payable.

(b) Licensee will accompany each written statement with copies of all reports and statements from Sublicensees received by Licensee in the Royalty Period.

(c) Licensee, at the same time as delivering each written statement, will pay to University in immediately available funds all royalties and Sublicensee Fees payable for the Royalty Period by electronic bank transfer to a bank account identified in writing by the University.

5.6 Withholding Tax

If the Licensee is required to pay any withholding tax in respect of any royalties or payments due to the University, the Licensee may reduce the amount of royalties paid to the University by the amount of withholding tax paid by the Licensee if the Licensee provides copies of receipts to the University in relation to those payments.

¹⁵¹ Insert share rate for Sublicense Fees received.

¹⁵² Minimum royalties may be used instead of some diligence requirements. If not agreed to, delete this clause.

¹⁵³ Insert a full calendar year after the Effective Date. If the Effective Date is July 1, 2017, then the first full calendar year is 2018.

¹⁵⁴ Insert the minimum annual royalty required. To induce diligence, the amount may increase from year to year.

¹⁵⁵ As an alternative to termination, failure to pay the minimum royalty may permit the University to convert the license to nonexclusive.

¹⁵⁶ Insert the currency in which payments are to be made

5.7 Interest

If any amount due to be paid by the Licensee to the University pursuant to this Agreement is unpaid, the Licensee must pay interest on that amount, from the due date for the payment to the date paid at rate of 18% or the maximum rate permitted by applicable law, whichever is lower.

6. ACCOUNTS

6.1 Accounts to be Maintained by the Licensee

The Licensee must keep, and must ensure that each Affiliate and Sublicensee keeps, true and accurate accounts and records of (i) the quantities of Product produced, sold, and in stock; (ii) the gross sales price for which quantities of the Products are sold; (iii) all other accounting, stock, ordering, purchasing invoicing, and delivery records in relation to the Products as are required by good accounting practice; (iv) Sublicense Fees received due and received; (v) Sublicenses granted; (vi) correspondence to and from Sublicensees; and (vii) documents relating in any manner to the business of Sub-Licensees.

6.2 Inspection of Accounts by the University

(a) The University, at its expense, may appoint a qualified person to inspect the Licensee's or an Affiliate's books and records maintained pursuant to clause 6.1. Such person, upon seven days advance written notice, during normal business hours, may inspect and copy all accounts and records kept pursuant to clause 6.1 at the place they are normally retained. University may conduct only one such inspection in any 12-month period. Licensee agrees to reasonably cooperate with such person to facilitate such inspection.

(b) If because of any inspection the University discovers any underpayment of the amounts required to be paid by the Licensee to the University pursuant to this Agreement and the underpayment exceeds five percent (5%) of the amount that should have been paid, the Licensee shall reimburse the University for all reasonable costs incurred in relation to that inspection.

(c) If Licensee elects to inspect the accounts of any Sublicensee, Licensee will provide with advance written notice of such inspection, which notice will identify the reasons for such inspection. Licensee will give University a copy of any report of the results of such inspection.

7. DILIGENCE OBLIGATIONS¹⁵⁷

7.1 Licensee Diligence¹⁵⁸

The Licensee must use commercially reasonable efforts to develop, manufacture, promote, market, and sell Licensed Products, which efforts must be no less than the efforts expended by Licensee to bring its own comparable products to market. Licensee will be presumed to have satisfied its obligations if:

(a) Before first commercial sale of a Licensed Product, Licensee budgets and spends on the development of Licensed Products the amounts specified below:

¹⁵⁷ Diligence obligations may not be required if minimum annual royalties are applied.

¹⁵⁸ All or any of subparagraphs (a), (b) and (c) may be used as diligence requirements. For example, if the Licensed Product requires little or no development to be market ready, subparagraph (a) should be deleted.

No	Year	Minimum expenditure
1.	¹⁵⁹	¹⁶⁰
2.		
3.	[add rows if needed]	

(b) Before first commercial sale of a Licensed Product, Licensee budgets and spends on promotion and marketing Licensed Products the amounts specified below:

No	Year	Minimum expenditure
1.	¹⁶¹	¹⁶²
2.		
3.	[add rows if needed]	

(c) Licensee makes the first commercial sale, directly or through a Sublicensee or Affiliate, of a Licensed Product in the countries or regions and by the dates specified below:

Country or Region	Date
¹⁶³	¹⁶⁴
[add rows if needed]	

(d) University may audit the records of Licensee to confirm satisfaction of any diligence requirement.

(e) Failure to satisfy one or more of the foregoing diligence requirements may entitle the University to terminate this Agreement under clause 17.1, but University will not be entitled to damages for such failure.¹⁶⁵

(f) The parties may waive or amend any diligence requirement by written agreement.

8. GENERAL OBLIGATIONS OF LICENSEE

8.1 Regulatory Approvals

The Licensee must, at its expense, (i) apply for and obtain all regulatory approvals, licences, permits and approvals from any government, government agency, or regulatory agency that

¹⁵⁹ Insert year.

¹⁶⁰ Insert the required minimum expenditure in the corresponding year.

¹⁶¹ Insert year.

¹⁶² Insert the required minimum expenditure in the corresponding year.

¹⁶³ Insert the relevant countries or regions where first sales must be achieved.

¹⁶⁴ Insert the by which first commercial sale is to be achieved in each corresponding country or region.

¹⁶⁵ Delete the last phrase if University can seek damages for failure to meet diligence requirements.

may be required to Commercialise Licensed Products in the Territory, (ii) notify the University of filing each such application; and (iii) notify the University of the result of each such application.

8.2 Use of Patent Numbers

The Licensee must ensure that the Licensed Products and the packaging of the Licensed Products includes a reference to the Patent numbers included in Licensed IP that relate to that Licensed Product, where the absence of that reference in any manner may detrimentally affect the rights conferred by such Patents.

8.3 Standard of Manufacture

The Licensee must manufacture Licensed Products to a high standard of quality, and must comply with any standards set by any regulatory agency having authority over the Products.

8.5 Compliance with Laws

The Licensee must comply with all laws in relation to the Commercialisation of Licensed IP and Licensed Technology.

8.6 No Misleading or Deceptive Conduct

The Licensee must not engage in any misleading or deceptive conduct or conduct likely to mislead or deceive in conjunction with Commercialising the Licensed IP or the Licensed Technology.

8.7 Reporting by the Licensee

The Licensee must provide to the University a written report, no more frequently than once each calendar year, within two months after the University requests the report, detailing the progress of development (if applicable) and Commercialisation of Licensed IP and Licensed Technology, prospective grants of sublicenses, and other matters reasonably requested by the University.

9. INTELLECTUAL PROPERTY

9.1 Ownership

Licensee agrees that the Licensed IP and Licensed Technology is the property of the University. Licensee will not represent that it owns any of the Licensed IP or Licensed Technology. To the extent legally enforceable, Licensee agrees not to directly or indirectly contest or challenge the University's ownership or rights in the Licensed IP or Licensed Technology or the validity of any Licensed IP.

9.2 Notification of Infringement

If either party shall learn or believe that any unauthorised person has come into possession of any part of the Licensed IP or Licensed Technology, any person has made any improper or unauthorised use of the Licensed IP or Licensed Technology; or any unauthorised person is doing anything in contravention of rights that attach to and arise from the Licensed IP or Licensed Technology, that party must promptly report the full particulars to the other party.

9.3 Licensee Chooses to Take Infringement or Misappropriation Proceedings

(a) The parties acknowledge that, as an exclusive licensee, the Licensee has standing to conduct proceedings against an infringer of Licensed IP, and accordingly, if the Licensee chooses to maintain proceedings against an infringer, the Licensee, will have sole control of such proceedings and will be solely responsible for all legal fees and disbursements with respect to such proceedings.

(b) The parties acknowledge that, as an exclusive licensee, the Licensee has standing to conduct proceedings against a person that misappropriates Licensed Technology from Licensee, and accordingly, if the Licensee chooses to maintain proceedings against such person, the Licensee, will have sole control of such proceedings and will be solely responsible for all legal fees and disbursements with respect to such proceedings.

(c) The University must give to the Licensee any assistance that the Licensee may request in relation to either of the foregoing proceedings, at the Licensee's expense. The University may not be compelled to join the proceedings as a party but may agree to join, at Licensee's expense, if required by applicable law.

(d) From the damages or settlement received by the Licensee from such proceedings, the Licensee shall pay to the University an amount which represents the royalties that would have been payable by the Licensee to the University, on the amount of sales revenues in relation to which the Licensee's damages or settlement have been assessed (as distinct from the amount of actual damages recovered), or 50% of the net amount actually recovered after deduction of all reasonable costs incurred by Licensee in such proceedings, whichever is less.

9.4 Licensee Chooses not to Take Infringement Proceedings

If, after a request by the University, the Licensee elects not to institute proceedings against an infringer of Licensed IP or a person who misappropriates Licensed Technology and the University wishes to do so:

(a) the Licensee must give to the University any assistance that the University may request in relation to those proceedings, including join the proceedings as a party if required by law, at the University's expense; and

(b) the University will solely control the proceedings, will be solely responsible for all legal fees and disbursements with respect to such proceedings, and will solely take the benefit of any damages or other monies that accrue from those proceedings.

10. PATENTS

10.1 Patent Applications

To the extent Licensed IP includes Patents:

(a) University will control and manage prosecution of all pending patent applications and the maintenance of all issued patents within Licensed IP. The University will consult with Licensee on all actions that may have an impact on the scope, content, pendency or issuance of all Patents in Licensed IP. The University must consider all Licensee comments and suggestions where applicable to Licensee's rights under this Agreement.

(b) University must give Licensee access to or copies of all documents and correspondence relating to all patent applications within Licensed IP, and if University uses outside patent attorneys, must instruct them to provide such access or copies to Licensee.

(c) Licensee may request University to file Patents in other countries. If legally possible and such Patents are part of Licensed IP, University will file for such Patents which will become part of Licensed IP.

(d) If the University elects not to file for or to abandon a Patent that is part of Licensed IP, it must give Licensee sufficient advance written notice to permit Licensee to assume control of such Patent without loss of rights. If Licensee elects to assume control of such Patent, to the extent legally possible, University will assign such Patent to Licensee, and otherwise Licensee will thereafter have a royalty-free, exclusive license under such Patent. This clause 10.1(d) only

applies to the specific Patent that University does not wish to retain and not to corresponding Patents in other countries.

10.2 Costs to be Reimbursed

(a) Licensee must reimburse the University for all reasonable costs incurred with respect to prosecution and maintenance of Patents within the Licensed IP. University will send to Licensee invoices for such reimbursement, including copies of documents supporting the costs incurred. Licensee must pay the invoices within 14 days after receipt.

(b) If the license granted in this Agreement is limited to a Field, then if University grants a license under Licensed IP outside the Field and recovers costs of Patent control and management of prosecution and maintenance from a Third-Party licensee, Licensee thereafter must reimburse University only for proportional share of the costs incurred with respect to the Patents licensed to such Third Party.

(c) If Licensee does not wish to reimburse or continue reimbursing University for the costs associated with control, management or maintenance of a Patent, Licensee must give University 30 days advance written notice of such election. If University wishes to continue control, management and maintenance of such Patent, it may do so at its expense. The specific Patent that Licensee elects not to reimburse costs of will be removed from Licensed IP and Licensee will have no further rights under such Patent effective as of the date of its notice. This clause 10.2(b) only applies to the specific Patent that Licensee does not wish to reimburse for and not to corresponding Patents in other countries.

11. CONFIDENTIAL INFORMATION

11.1 Ownership and Disclosure of Confidential Information

All Licensed Technology disclosed to Licensee is Confidential Information and the property of the University. Any other Confidential Information disclosed by University to Licensee will be the property of University.

Any Confidential Information disclosed by Licensee to University will be property of Licensee.

11.2 Use of Confidential Information

The Recipient may use the Confidential Information solely as expressly permitted by this Agreement, and for no other purpose, and Recipient shall keep the Confidential Information secret and confidential, and not disclose, communicate, or otherwise make known to any person any part of the Confidential Information without the prior written consent of the Discloser, which the Discloser may give or to decline to give in its discretion.

11.3 Relief to Recipient

(a) The Recipient is relieved from the Recipient's obligations contained in clause 11.2 in respect to any Confidential Information which:

- (i) the Recipient can show was lawfully in the possession of the Recipient as at the date of the disclosure and was not subject to an obligation of confidentiality, or
- (ii) becomes part of the Public Domain otherwise than by a breach of this Agreement, or
- (iii) the Recipient can show was received in good faith from a person without any obligation of confidentiality.

(b) Relief from the obligations of clause 11.2 with respect to any part of Licensed Technology will not relieve Licensee from other obligations of this Agreement unless such part of Licensed Technology has entered the Public Domain through no fault of Licensee.

(c) The Recipient is also relieved from the Recipient's obligations contained in clause 11.2 to the extent that the Recipient has a legal obligation to disclose the Confidential Information, provided the Recipient notified the Discloser of the legal obligation, and if possible, postponed the disclosure to enable the Discloser, if it decides to do so, to seek relief for the Recipient from that legal obligation to disclose. Compelled disclosure of Licensed Technology will not relieve Licensee from its obligation under this Agreement so long as Licensee uses such Licensed Technology.

11.4 Damages Inadequate

The Recipient acknowledges that:

(a) damages may be an inadequate remedy to the Discloser in the event of any breach of clause 11.2 and that only injunctive relief or some other equitable remedy might be adequate to properly protect the interests of the Discloser; and

(b) the Discloser would not have entered into this Agreement but for the acknowledgment made by the Recipient in paragraph (a).

11.5 Disclosure to Directors and Employees

(a) The Recipient may disclose the Confidential Information to such of its directors and employees as is necessary to enable the Recipient to fully take advantage of the Confidential Information for the purposes of this Agreement.

(b) The Recipient warrants that each person, to whom the Recipient is permitted to disclose the Confidential Information, before such disclosure is made, will be subject to contractual or other duties of confidentiality to the Recipient at least to the extent imposed upon the Recipient pursuant to this Agreement.

(c) The Discloser may require that no Confidential Information be disclosed to a director or employee of the Recipient unless that person enters into a confidentiality undertaking upon such terms as the Discloser shall reasonably require.

11.6 Disclosure for Commercialization

(a) The Licensee may, without the prior written consent of the University, disclose Confidential Information as reasonably necessary to exercise its rights pursuant to this Agreement.

(b) The Licensee must ensure that its disclosure of Confidential Information pursuant to clause 11.6(a) is upon such terms, or is restricted to such an extent as:

(i) protects the Confidential Information from unauthorised or improper use or disclosure, and

(ii) does not prejudice any possible future patent application in relation to what is to be disclosed.

11.7 Infringement of Confidentiality

If the Recipient learns or believes that:

(a) any unauthorised person has come into possession of any part of the Confidential Information;

(b) any person has made any improper or unauthorised use of the Confidential Information;
or

(c) any unauthorised person is doing anything in contravention of rights that attach to and arise from the Confidential Information,

the Recipient must immediately report full particulars to the Discloser, and must provide to the Discloser all assistance and information it may request with respect to that information.

11.9 Public Statements

Neither party may make any public or media statement concerning this Agreement without the consent of the other party.

11.10 Survival of Obligations

The termination of this Agreement shall not affect each party's obligations in this Agreement relating to the Confidential Information of the other set out this clause 11.

12. PUBLICATIONS

12.1 Publications Review by Licensee

The University must serve upon the Licensee a copy of any Proposed Publication. The Licensee may, within 30 days after receipt of a Proposed Publication, object to the publication of the Proposed Publication as disclosing Licensed Technology unprotected by Licensed IP.

12.2 University may Authorise Publication

The University may publish or authorise the publication of a Proposed Publication if:

- (a) the content of the Proposed Publication objected to by Licensee is the subject of a Patent that has issued or been filed; or
- (b) the Licensee does not object to its publication within 30 days after its receipt; or
- (d) the University and Licensee agree on acceptable revision of the Proposed Publication.

12.3 Student Thesis

A Student Thesis shall be a Proposed Publication, and shall be dealt with in accordance with clauses 12.1 and 12.2.

12.4 Examination of Student Thesis

- (a) Within the time mentioned in clause 12.1, the Licensee may notify the University that it requires any examination of a Student Thesis to be undertaken by examiners bound by obligations of confidentiality. Without such notification, the University may permit examination of the Student Thesis and its deposit in any library.
- (b) If the Licensee notifies the University that it requires any examination of a Student Thesis to be undertaken by examiners bound by obligations of confidentiality, the University must ensure that:
 - (i) the examination of the Student Thesis is undertaken by examiners who are bound by obligations of confidentiality; and
 - (ii) the deposit of the Student Thesis in any library is deferred until one of the events in clause 12.2 occurs.

12.5 Proposed Publications and the Licensee's Confidential Information

A Proposed Publication and a Student Thesis must not contain any Confidential Information originating with the Licensee.

13. INSURANCE

13.1 The Licensee to Take Out Insurance

(a) Before the Licensee Commercialises Licensed IP or Licensed Technology or sells any Licensed Product, the Licensee must take out a product liability policy of insurance covering all usual risks covered by such policies, including any loss or damage or injury of any kind whatsoever and howsoever caused to any person or property, and special, direct, indirect or consequential, including consequential financial loss suffered by any person, arising out of the Commercialisation of the Licensed IP or the use of the Licensed Products, for an amount not less than \$10,000,000.00 per claim or such other reasonable amount as the University shall from time to time notify the Licensee.

(b) Before any Sublicensee Commercialises any Licensed IP or Licensed Technology or sells any Licensee Product, the Licensee must ensure that the Sublicensee takes out a product liability policy of insurance of the same scope as required by clause 13.1(a).

13.2 The Licensee to Take Out No Fault Compensation Clinical Trial Insurance

Before the Licensee or a Sublicensee commences any clinical trial in relation to any Licensed IP or Licensed Technology, the Licensee must take out, or must ensure that any Sublicensee takes out a no fault compensation clinical trial policy of insurance covering all usual risks covered by such policies, including any loss or damage or injury or death and special, direct, indirect or consequential, including consequential financial loss suffered by any such person, arising out of the clinical trial, for an amount not less than \$5,000,000.00 per claim or such other reasonable amount as the University shall from time to time notify the Licensee.

13.3 The Licensee to Maintain Insurance

The Licensee must maintain the insurance policy referred to in clauses 13.1 and 13.2 until that date which is seven years from the date of the last sale of a Product.

13.4 The Licensee to Provide a Copy of Insurance

The Licensee must upon being required to do so by the University, produce to the University for the University's inspection the insurance policy referred to in clause 13.1 or 13.2, or a certificate of currency issued by the insurer in respect to such insurance.

13.5 The University May Insure if the Licensee Fails to Insure

If the Licensee fails to keep current the insurance policies required pursuant to clauses 13.1 and 13.2, the University may obtain such insurance, and Licensee must reimburse the University for all costs incurred by doing so.

14. WARRANTIES

14.1 Commercialisation is Uncertain

The Licensee acknowledges the fundamental uncertainty with respect to the Commercialisation of new technology.

14.2 Warranties by the University

(a) In relation to Patents in Licensed IP, the University warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the University solely owns such Patents and the inventions disclosed and claimed therein both legally and beneficially, and the use of such inventions as claimed in such Patents does not infringe any patent or other intellectual property rights of any Third Party published as of the Effective Date.

(b) In relation to copyrights in Licensed IP, the University warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the University solely owns the copyrighted work both legally and beneficially, and the copying, publication and distribution of the copyrighted work does not infringe the copyright of any Third Party in a work published as of the Effective Date.

(c) In relation to Licensed Technology, the University warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the University owns the Licensed Technology both legally and beneficially and has the right to disclose and authorize Licensee to use it in accordance with this Agreement, and the University has not received any notice or claim from a Third Party alleging use of Licensed Technology infringes any patent or other intellectual property rights of any Third Party published as of the Effective Date.

(d) University further warrants to Licensee:

- (i) the Licensed IP and the Licensed Technology is not encumbered, mortgaged, or charged in any way, nor subject to any lien;
- (ii) there is no litigation pending in respect to the Licensed IP or the Licensed Technology, and there is no claim or demand that has been received from any Third Party in relation to the Licensed IP and the Licensed Technology; and
- (iii) no license or right in the Licensed IP and the Licensed Technology has been granted that conflicts with right granted to Licensee in this Agreement.

14.3 Acknowledgments

Each party acknowledges that:

(a) Except for such warranties on the part of the University as are expressly set out in this Agreement there are no other terms or warranties binding upon the University or between the University and the Licensee.

(b) The University has not made, nor has any person on behalf of the University made any term, warranty, undertaking, or understanding whatsoever that is not expressly set out in this Agreement.

(c) To the full extent permitted by law, there are no statutory warranties binding upon the University.

(d) No representation or promise of any description, not expressly included in this Agreement, was made before this Agreement was entered.

14.4 No Other Warranties

The Licensee acknowledges that the University has not made and does not make any warranty or representation whatsoever as to:

- (a) the safety of the Licensed IP, Licensed Technology or the Licensed Products;
- (b) the Commercialisation of the Licensed IP, Licensed Technology or the Licensed Products;
- (c) the marketability of the Licensed IP, Licensed Technology or the Licensed Products;
- (d) the profits or revenues that may result from the Commercialisation of the Licensed IP, Licensed Technology or the Licensed Products;
- (e) the Commercialisation prospects or success of any part of the Licensed IP, Licensed Technology or the Licensed Products;
- (f) whether any patent application may be granted, or granted with the claims sought, or any reduced claims; and
- (g) whether any patent granted may be declared invalid or cease to be registered.

15. RELEASE AND INDEMNITY

15.1 Release

- (a) The Licensee releases the University its officers, employees, sub-contractors and agents from and against all actions, claims, proceedings or demands and in respect of any loss, death, injury, illness or damage arising out of the Commercialisation or use of the Licensed IP or Licensed Technology, or any products derived therefrom.
- (b) To the full extent permitted by law, the University its officers, employees, sub-contractors and agents will not be liable to the Licensee for any special, indirect or consequential damages, including consequential financial loss arising out of the Commercialisation or use of the Licensed IP or Licensed Technology, or any products derived therefrom.

15.2 Release and Confidentiality

Clause 15.1 does not apply in relation to any breach by the University its officers, employees, sub-contractors or agents of any obligation of confidentiality in this Agreement.

15.3 Indemnity

- (a) The Licensee indemnifies and shall continue to indemnify the University its officers, employees, sub-contractors and agents from and against all actions, claims, proceedings or demands (including those brought by third parties) which may be brought against it or them, whether on their own or jointly, in respect of any loss, death, injury, illness or damage arising out of the Commercialisation or use of the Licensed IP or Licensed Technology, or any products derived therefrom.
- (b) The obligation to indemnify the University and its officers, employees, sub-contractors and agents set out in paragraph (a) is a continuing obligation separate and independent of other obligations, and shall survive the expiration or termination of this Agreement.

16. DISPUTE RESOLUTION

(a) Any dispute arising directly under the express terms of this Agreement or the grounds for termination thereof will be resolved as follows. First, within ten (10) days after either Party identifies the existence of a dispute, each party will appoint a representative with authority to resolve the identified dispute and such representatives, within 20 days after their appointment, will meet to attempt to resolve such dispute. If the representatives cannot resolve the dispute, either Party may make a written demand for formal dispute resolution. Within ten (10) days after such written demand, the Parties shall meet for one day with an impartial mediator solely to consider dispute resolution alternatives other than litigation, which may include further negotiations, mediation, conciliation, arbitration, litigation, and expert determination. If an alternative method of dispute resolution is not agreed upon within ten days after the one-day mediation, either Party may begin litigation proceedings.

(b) Each Party agrees not to file for or otherwise initiate a litigation or arbitration directed to the dispute being discussed by the Parties under this clause 16 before or during such discussions. Each Party further agrees that it will retain in confidence any information disclosed by the other Party during such discussions (except for information already in the public domain).

17. TERMINATION

17.1 Termination for Default

If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

17.2 Termination for Event of Default

If an Event of Default shall occur the non-defaulting party may by notice in writing terminate this Agreement immediately. For the purposes of this Agreement, each of the following shall be an Event of Default:

- (a) if a party assigns or sub-contracts (other than by Sublicense) the performance of this agreement to another person without the other party's prior written consent, or
- (b) if a party becomes insolvent or subject to administration or liquidation.¹⁶⁶

17.3 Termination Does not Affect Prior Rights or Obligations or Accrued Rights

(a) The termination of this Agreement by any party shall not relieve the other party from performing all obligations which:

- (i) fell due to be performed before the effective termination of this Agreement; or
- (ii) fall due to be performed because of that termination.

(b) The termination of this Agreement will not affect any rights which accrue to any party before the termination, or which arise connected with the termination, which are preserved.

¹⁶⁶ Customise these phrases to refer to applicable insolvency terms in your own country.

18. TERMINATION AND CONFIDENTIAL INFORMATION

18.1 Return of Confidential Information

Immediately upon the termination or expiration of this Agreement, however that arises, unless the parties shall enter into a further Agreement in respect to the Confidential Information, the Recipient must immediately upon being so requested in writing by the Discloser, deliver to the Discloser all Confidential Information in its possession and all tangible items containing any Confidential Information or summaries thereof.

18.2 Destruction of Confidential Information

Any part of the Confidential Information which cannot conveniently be returned to the Discloser by the Recipient must be destroyed in the manner that the Discloser directs.

19. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

20. GENERAL

20.1 No Assignment by or Sub-Contracting by the Licensee

Except for Sublicenses granted under clause 4, the Licensee must not assign, sub-contract, or transfer, any of its rights or obligations in this Agreement to any person, without the prior consent in writing of the University, which the University must not unreasonably withhold.

20.2 Relationship between the Parties

(a) The relationship between the parties is that of licensor and licensee, and nothing shall be construed or interpreted to make one party the agent, partner, joint venturer or representative of the other.

(b) Neither party may at any time, without the prior written consent of the other act as or represent that it is the agent, partner, joint venturer or representative of the other.

20.3 Further Assurance

Each party must on demand by another party perform all such acts and execute all such agreements, assurances and other documents and instruments as that party reasonably requires either to perfect the rights and powers afforded, created or intended to be afforded or created by this Agreement or to give full force and effect to, or facilitate the performance of, the transactions provided for in this Agreement.

20.4 Counterparts

This Agreement may be executed in separate counterparts, and all those counterparts together constitute one agreement.

20.5 Legal Costs

Each party shall be responsible for its own legal fees and costs in connection with the preparation, negotiation and execution of this Agreement.

20.6 Warranty of Authority

Where this Agreement is signed by a person for and on behalf of a party to this Agreement, that person:

- (a) warrants that the person is the authorised agent of that party with express authority to enter into and sign this Agreement for and on behalf of that party, and thereby to bind that party to the obligations upon that party contained in this Agreement; and
- (b) acknowledges that the other party to this Agreement would not have entered into this Agreement but for the warranty of authority contained in paragraph (a).

20.7 Whole Agreement

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

20.8 Variations

No variation to this Agreement shall be binding upon the parties unless that variation is in writing, and is signed by officers or directors of all the parties to this Agreement.

20.9 Waiver

- (a) No failure or delay of any party to exercise any right given pursuant to this Agreement or to insist on strict compliance by any other party of any obligation in this Agreement shall constitute a waiver of any party's rights to demand exact compliance with the terms of this Agreement.
- (b) Waiver by any party of any particular default by any other party shall not affect or prejudice each party's right in respect of any prior or subsequent default of the same or of a different nature.
- (c) Any delay or omission by any party to exercise any right arising from any default shall not affect or prejudice that party's right in respect to such a default or any subsequent default or the continuance of any default.
- (d) Any waiver shall be an effective waiver only if the waiver is expressly set out in writing and signed by the party making the waiver.

20.10 Applicable Law

(a) The parties agree that this Agreement is made and entered into in ^{*167} and shall be construed according to the laws thereof.

(b) The parties agree to submit themselves to the non-exclusive jurisdiction of the laws in force for the time being in *.

20.11 Severance

If it is held by a court that any part of this Agreement is or would be void, voidable, illegal or unenforceable, or the application of any part of this Agreement to any person or circumstances is or may become invalid or unenforceable, that part shall be severable and shall not affect the continued operation of the remaining terms of this Agreement.

SIGNATURE PAGE FOLLOWS

¹⁶⁷ Insert the state, province or country that the parties agree to be the governing law for this Agreement.

SIGNATURES OF PARTIES

SIGNED)

for The University)

in the presence of)

)

Signature

Signatory print full name

Signature of witness

Witness print full name

Date: _____

SIGNED)

for THE LICENSEE)

in the presence of)

)

Signature

Signatory print full name

Signature of witness

Witness print full name

Date: _____

SCHEDULE 1: LICENSED IP**Patents**¹⁶⁸**Copyright**¹⁶⁹

¹⁶⁸ List all Patents being licensed. Delete if not applicable

¹⁶⁹ List all copyrighted works being licensed. Delete if not applicable

SCHEDULE 2: LICENSED TECHNOLOGY

Fully describe the Technology that is licensed.

EXCLUSIVE TECHNOLOGY LICENSE AGREEMENT

Introductory Note

This template is suitable for any exclusive technology license agreement, where the university licenses its unpatented technology to a commercial partner to be commercialised. No patent license is included.

It is suitable where the subject matter of the license is:

1. know how, trade secrets or other unpatented information

This template is not suitable to license software to an end user.

EXCLUSIVE TECHNOLOGY LICENSE AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

*170 _____, a *171 _____, located at *172 _____
 (“University”)

AND

* _____, a _____, located at _____ *173 (“Licensee”)

AGREE AS FOLLOWS:

BACKGROUND

- A. The University owns the Licensed Technology as those terms are defined below.
- B. The University has agreed to grant a license to the Licensee to Commercialise the Licensed Technology, upon the terms of this Agreement.

1. PRELIMINARY

1.1 Definitions

In this Agreement:

Affiliate means any corporation or non-corporate business entity which controls, is controlled by, or is under common control with a party, and for that purpose control means the ownership or direct or indirect control of at least 50% of the voting shares of another corporation, or having directly or indirectly the power to direct or cause the direction of the management and policies of another corporation or non-corporate business entity.

Commercialise means making, using, selling, offering for sale, importing, copying, or distributing any product, process or original work for consideration, including without limitation, all activities directed to marketing, promoting, manufacturing, packaging and distributing products or services, offering for sale and selling products or services, importing products for sale, permitting or licensing others to do any of the foregoing, or using products to render services, where in each case, products includes software programs.

Confidential Information any information that is labeled or identified at the time of disclosure under this Agreement as confidential or proprietary to the Discloser, including inventions;

¹⁷⁰ Insert the formal legal name of the university or research organization.

¹⁷¹ Insert legal nature of the university or research organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

¹⁷² Insert the address of the university or research organisation that will be undertaking the research.

¹⁷³ Insert the legal name, legal nature, and address of the licensee.

discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products; prototypes; processes; names; know-how; routines; specifications; drawings; trade secrets; technology methods; computer programs; works in respect to which copyright subsists; circuit board layouts; business plans; marketing plans; strategies; market analysis; feasibility plans; concept documents; expert's reports; forecasts; projections; methodologies; financial accounts; financials statements; cash flow statements; valuations; and other knowledge.

Discloser means a party to this Agreement which discloses Confidential Information.

Effective Date means the date set forth at beginning of this Agreement or, if no date is set forth, the date of signature of the last party to sign this Agreement.

Field¹⁷⁴ means *

Licensed Product means any product or service the manufacture, use, sale, offer for sale, import, copying or distribution of which uses or embodies any Licensed Technology.

Licensed Technology means Technology that is owned or controlled by the University, that is Confidential Information of the University, and that is summarized in Schedule 1¹⁷⁵ to this Agreement.

Net Sales Price means:¹⁷⁶

(a) The gross invoiced price of a Licensed Product sold by or for Licensee or a Sublicensee to a Third Party, less the following, to the extent charged as part of the invoiced price, separately stated on the invoice and paid by or credited, as the case may be, to the Third Party: (i) credits, allowances, discounts, and rebates to, and charge backs from the account of, the Third Party for spoiled, damaged, outdated, rejected, or returned Licensed Products; (ii) actual freight, postage, transportation, and insurance costs incurred in delivering Licensed Products; (iii) reasonable and customary cash, quantity, and trade discounts actually given to the Third Party; (iv) sales, use, value-added, and other direct taxes to the extent billed to and paid by the Third Party; and (v) customs duties, surcharges, and other governmental charges incurred in connection with the exportation or importation of Licensed Products.

(b) In the case of a sale, loan, lease, consignment, distribution, or transfer of Licensed Products (i) to an Affiliate or other entity related to Licensee, (ii) to an end user having a special course of dealing with Licensee or an Affiliate thereof, (iii) to an end users who does not pay cash for the Licensed Product or pays cash for a Licensed Product bundled with another product of Licensee without any allocation of the payment among the bundled products, or (iv) otherwise not in an arm's-length transaction to a Third Party, the Net Sales Price will be the Average Net Sales Price (as such term is defined below) for sales to end users for such Licensed Product calculated under subsection (a) of this clause. As used herein the term "Average Net Sales Price" means (x) the average Net Sales Price (as calculated for transfers under subsection (a) of this clause), over the one-year period preceding the date of transfer that is within subsection (b) of this clause, of the same type and model of product (as the case may be) and in the same country as such transferee; (y) if such one-year average Net Sales Price data is unavailable, then the Licensee's, Affiliate's, or distributor's published list price of such

¹⁷⁴ Accurately describe the Field in which the Licensee can Commercialise the Technology. If the license is granted without a Field restriction, remove this definition.

¹⁷⁵ Summarize in Schedule 1 the type and general content of Proprietary Technology being licensed by University.

¹⁷⁶ This definition assumes the Licensed Technology may be used to make or sell a product. If the Technology is not used in or to make a product sold in a marketplace, such as an intermediate catalyst in a refining process, the parties will have to agree on a different royalty base and rate, such as \$1 per barrel of oil passing through the catalyst.

product for end users in such country as the transferee; or (z) if data is unavailable under part (x) or (y), then the fair market value (with reference to the sales price of comparable products).

(c) Where Licensed Products are sold to an Affiliate of Licensee for purposes of resale, the Net Sales Price will be the Net Sales Price as determined under subsections (a) and (b) of this clause at which the Affiliate sells the Licensed Product.

Proposed Publication means a manuscript or abstract intended for publication, a paper or abstract intended to be orally presented, or any poster presentation, that includes any reference to Confidential Information or Licensed Technology.

Public Domain means the general store of knowledge that is known or generally available and ascertainable by members of the community.

Recipient means a party to this agreement to whom Confidential Information is disclosed.

Royalty Period means each consecutive period ending March 31, June 30, September 30 and December 31 each year.

Student Thesis means a thesis by a student that is required to be examined to complete academic requirements for the making of an academic award, which refers to or contains any part of the Licensed Technology or Confidential Information.

Sublicense Fees mean any lump sum, royalty or other money payments, but not including royalties or other payments based on sales, received by Licensee from an Affiliate or Third Party in consideration for a sublicense under University IP or Licensed Technology granted by Licensee in accordance with this Agreement. Sublicense Fees also include any amount of money that such sublicensed Affiliate or Third Party was obliged to pay for the sublicensed rights, including royalties or other payments based on sales, but was relieved from doing so by any right of set-off or because of the Affiliate's or Third Party's withholding tax obligations for which Licensee receives a corresponding tax credit.

Sublicensee has the meaning set forth in clause 4.1.

Technology means conceptions, ideas, innovations, discoveries, inventions, processes, machines, biological materials, formulae, equipment, compositions of matter, formulations, plans, specifications, drawings, improvements, enhancements, modifications, technological developments, methods, techniques, systems, designs, production systems and plans, scientific, technical or engineering information, algorithms, concepts, ideas, methods, methodologies, including business method, software, documentation, data, programs and information (irrespective of whether in human or machine-readable form), integrated circuits and their design and layout, and works of authorship, whether or not patentable, copyrightable, or susceptible to any other form of legal protection.

Territory means the whole world ^{*177}.

Third Party means any person or entity that is not a party to this Agreement or an Affiliate thereof.

1.2 Interpretation

(a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.

¹⁷⁷ If not a worldwide license, amend to refer to the countries or regions to be licensed

- (b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.
- (c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.
- (d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.
- (e) Where a word or phrase is given a particular meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) Where a party to this Agreement is more than one person the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.
- (g) The word “including” is not a word of limitation.

2. TERM

2.1 Agreement Term

This Agreement, unless terminated in accordance with its terms, will remain in effect from the Effective Date until the earlier of the 20th anniversary of the Effective Date and the date all Licensed Technology becomes part of the Public Domain.

2.2 Royalty Term

The obligation to pay royalties under this Agreement will expire on a country-by-country basis on the earlier of the 20th anniversary of the Effective Date and the date all Licensed Technology becomes part of the Public Domain in a country.

3. GRANT OF LICENSE

3.1 Grant of License¹⁷⁸

- (a) The University grants to the Licensee an exclusive license under the Licensed Technology to Commercialise Licensed Products in the Territory and the Field.
- (b) The University grants to the Licensee a non-exclusive license in the Territory to use the Licensed Technology for research and development purposes.
- (c) Licensee acknowledges that it has no rights under Licensed Technology outside the Territory or the Field.

3.2 Recording of License

Where required or permitted by law, the Licensee may register this Agreement or its particulars, and the University will assist such registration at Licensee’s expense.

¹⁷⁸ Delete references to the Field if license is not limited to a Field

3.3 Technical Assistance¹⁷⁹

(a) For up to ^{*180} man-hours over a period of ^{*181} months the Effective Date, the University will provide technical assistance to the Licensee to assist in understanding and assimilating Licensed Technology, without charge.

(b) Any additional technical assistance that the Licensee may request may be provided by the University, in its discretion, under the terms of a services agreement which the parties will negotiate in good faith, and at the University's prevailing rates for the provision of services.

4. GRANT OF SUB-LICENSES

4.1 Grant

The University grants to Licensee the right to grant a sub-license to any Affiliate or Third Party (**Sublicensee**) to Commercialise Licensed Technology.¹⁸²

4.2 Terms of Sublicense

Each such sublicense (i) must be in writing and a signed copy thereof must be delivered to University within 30 days after it is signed, (ii) may not grant rights that are greater than or impose obligations that are less than those granted to Licensee in this Agreement, (iii) must identify the University as an intended beneficiary with the right to enforce its rights if Licensee does not, (iv) must permit University to audit the accounts of Sublicensee relevant to the sublicense if Licensee does not, (v) must provide for its automatic termination coincident with termination of this Agreement, (vi) may not grant the right to grant further sublicenses, and (vii) may not combine consideration for the sublicense with consideration for other benefits conveyed by Licensee.

5. FINANCIAL TERMS

5.1 Upfront Payment¹⁸³

The Licensee must pay to the University an upfront payment of \$^{*184} within 14 days after receipt of an invoice therefor from the University. The Licensee may or may not impose an upfront fee on any Sublicensee.

5.2 Milestone Payments¹⁸⁵

(a) The Licensee must pay to the University the following amounts, in relation to each of the following milestones, whether those milestones are achieved by the Licensee, an Affiliate, or a Sub-Licensee.

¹⁷⁹ Delete if University will not provide technical assistance.

¹⁸⁰ Insert number of man-hours of technical assistance University is willing to provide without charge.

¹⁸¹ Insert number of months during which University will provide technical assistance.

¹⁸² If University requires prior approval of sublicenses, add at end of clause “, subject to prior written consent of University which consent will not be unreasonably withheld, delayed or conditioned.”

¹⁸³ Delete clause 5.1 if there is no upfront payment.

¹⁸⁴ Insert the amount of the upfront payment.

¹⁸⁵ Delete clause 5.2 if there are no milestone payments.

No	Milestone	\$
7.	¹⁸⁶	¹⁸⁷
8.		
9.		

(b) The Licensee must promptly notify the University in writing of the achievement or completion of each milestone and must pay the amount associated with each milestone within 14 days after receipt of an invoice therefor from the University.

5.3 Consideration

(a) The Licensee must pay to the University a royalty of ^{*188} per cent of the Net Sale Price of Licensed Products¹⁸⁹ sold by or for the Licensee, any Sublicensee or any Affiliate.

(b) In addition to royalties payable on sales by Sublicensees, the Licensee must pay to the University ^{*190} per cent of Sublicense Fees received by the Licensee.

5.4 Minimum Royalties¹⁹¹

(a) If at the end of a full calendar year during the term of this Agreement, the royalties payable under clause 5.3(a) do not equal or exceed the amount specified in the following table, Licensee may pay to the University the difference between the accrued royalties and the specified amount to maintain the Agreement in force.

Calendar Year	Minimum Annual Royalties
¹⁹²	¹⁹³
[add rows if needed]	

¹⁸⁶ Insert the milestones the achievement of which trigger the obligation to make the corresponding milestone payment.

¹⁸⁷ Insert the amount of the milestone payment.

¹⁸⁸ Insert royalty rate for Licensed Products sold

¹⁸⁹ If the Technology is not used in or to make a product for sale, the parties must agree to a different royalty base and rate.

¹⁹⁰ Insert share rate for Sub-License Fees received.

¹⁹¹ Minimum royalties may be used instead of some diligence requirements. If not agreed to, delete this clause.

¹⁹² Insert a full calendar year after the Effective Date. If the Effective Date is 1 July 2017, then the first full calendar year is 2018.

¹⁹³ Insert the minimum annual royalty required. To induce diligence, the amount may increase from year to year.

(b) If the Licensee fails to pay the difference between accrued and minimum royalty within 45 days after December 31, University may give notice of termination of this Agreement in accordance with clause 17.¹⁹⁴

5.5 Royalty Advice and Payment

(a) Within 45 days of the last day of a Royalty Period, the Licensee must send to the University a written statement providing for the relevant Royalty Period (i) the quantity of Licensed Products sold by or for Licensee, any Sublicensee or any Affiliate, (ii) the gross sale price in * ¹⁹⁵ for each such Licensed Product, (iii) if the gross sales price was in another currency, the currency conversion method and rate, (iv) the Net Sales Price for each such Product and the method used to determine the Net Sales Price, (v) the royalties payable and the method of calculating such royalties, (vi) any Sublicense Fees received and (vii) the amount of Sublicense Fees payable.

(b) Licensee will accompany each written statement with copies of all reports and statements from Sublicensees received by Licensee in the Royalty Period.

(c) Licensee, at the same time as delivering each written statement, will pay to University in immediately available funds all royalties and Sublicense Fees payable for the Royalty Period by electronic bank transfer to a bank account identified in writing by the University.

5.6 Withholding Tax

If the Licensee is required to pay any withholding tax in respect of any royalties or payments due to the University, the Licensee may reduce the amount of royalties paid to the University by the amount of withholding tax paid by the Licensee if the Licensee provides copies of receipts to the University in relation to those payments.

5.7 Interest

If any amount due to be paid by the Licensee to the University pursuant to this Agreement is unpaid, the Licensee must pay interest on that amount, from the due date for the payment to the date paid at rate of 18% or the maximum rate permitted by applicable law, whichever is lower.

6. ACCOUNTS

6.1 Accounts to be Maintained by the Licensee

The Licensee must keep, and must ensure that each Affiliate and Sublicensee keeps, true and accurate accounts and records of (i) the quantities of Product produced, sold, and in stock; (ii) the gross sales price for which quantities of the Products are sold; (iii) all other accounting, stock, ordering, purchasing invoicing, and delivery records in relation to the Products as are required by good accounting practice; (iv) Sublicense Fees received due and received; (v) Sublicenses granted; (vi) correspondence to and from Sublicensees; and (vii) documents relating in any manner to the business of Sub-Licensees.

¹⁹⁴ As an alternative to termination, failure to pay the minimum royalty may permit the University to convert the license to nonexclusive.

¹⁹⁵ Insert the currency in which payments are to be made

6.2 Inspection of Accounts by the University

(a) The University, at its expense, may appoint a qualified person to inspect the Licensee's or an Affiliate's books and records maintained pursuant to clause 6.1. Such person, upon seven days advance written notice, during normal business hours, may inspect and copy all accounts and records kept pursuant to clause 6.1 at the place they are normally retained. University may conduct only one such inspection in any 12-month period. Licensee agrees to reasonably cooperate with such person to facilitate such inspection.

(b) If because of any inspection the University discovers any underpayment of the amounts required to be paid by the Licensee to the University pursuant to this Agreement and the underpayment exceeds five percent (5%) of the amount that should have been paid, the Licensee shall reimburse the University for all reasonable costs incurred in relation to that inspection.

(c) If Licensee elects to inspect the accounts of any Sublicensee, Licensee will provide with advance written notice of such inspection, which notice will identify the reasons for such inspection. Licensee will give University a copy of any report of the results of such inspection.

7. DILIGENCE OBLIGATIONS¹⁹⁶

7.1 Licensee Diligence¹⁹⁷

The Licensee must use commercially reasonable efforts to develop, manufacture, promote, market, and sell Licensed Products, which efforts must be no less than the efforts expended by Licensee to bring its own comparable products to market. Licensee will be presumed to have satisfied its obligations if:

(a) Before first commercial sale of a Licensed Product, Licensee budgets and spends on the development of Licensed Products the amounts specified below:

No	Year	Minimum expenditure
	¹⁹⁸	¹⁹⁹
	[add rows if needed]	

(b) Before first commercial sale of a Licensed Product, Licensee budgets and spends on promotion and marketing Licensed Products the amounts specified below:

No	Year	Minimum expenditure
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¹⁹⁶ Diligence obligations may not be required if minimum annual royalties are applied.

¹⁹⁷ All or any of subparagraphs (a), (b) and (c) may be used as diligence requirements. For example, if the Licensed Product requires little or no development to be market ready, subparagraph (a) should be deleted.

¹⁹⁸ Insert year.

¹⁹⁹ Insert the required minimum expenditure in the corresponding year.

4.	²⁰⁰	²⁰¹
5.		
6.	[add rows if needed]	

(c) Licensee makes the first commercial sale, directly or through a Sublicensee or Affiliate, of a Licensed Product in the countries or regions and by the dates specified below:

Country or Region	Date
²⁰²	²⁰³
[add rows if needed]	

(d) University may audit the records of Licensee to confirm satisfaction of any diligence requirement.

(e) Failure to satisfy one or more of the foregoing diligence requirements may entitle the University to terminate this Agreement under clause 17.1, but University will not be entitled to damages for such failure.²⁰⁴

(f) The parties may waive or amend any diligence requirement by written agreement.

8. GENERAL OBLIGATIONS OF LICENSEE

8.1 Regulatory Approvals

The Licensee must, at its expense, (i) apply for and obtain all regulatory approvals, licences, permits and approvals from any government, government agency, or regulatory agency that may be required to Commercialise Licensed Products in the Territory, (ii) notify the University of filing each such application; and (iii) notify the University of the result of each such application.

8.2 Standard of Manufacture

The Licensee must manufacture Licensed Products to a high standard of quality, and must comply with any standards set by any regulatory agency having authority over the Products.

8.3 Compliance with Laws

The Licensee must comply with all laws in relation to the Commercialisation of Licensed Technology.

²⁰⁰ Insert year.

²⁰¹ Insert the required minimum expenditure in the corresponding year.

²⁰² Insert the relevant countries or regions where first sales must be achieved.

²⁰³ Insert the by which first commercial sale is to be achieved in each corresponding country or region.

²⁰⁴ Delete the last phrase if University can seek damages for failure to meet diligence requirements.

8.4 No Misleading or Deceptive Conduct

The Licensee must not engage in any misleading or deceptive conduct or conduct likely to mislead or deceive in conjunction with Commercialising the Licensed Technology.

8.5 Reporting by the Licensee

The Licensee must provide to the University a written report, no more frequently than once each calendar year, within two months after the University requests the report, detailing the progress of development (if applicable) and Commercialisation of Licensed Technology, prospective grants of sublicenses, and other matters reasonably requested by the University.

9. INTELLECTUAL PROPERTY

9.1 Ownership

Licensee agrees that the Licensed Technology is the property of the University. Licensee will not represent that it owns any of the Licensed Technology. Licensee agrees not to directly or indirectly contest or challenge the University's ownership or rights in the Licensed Technology.

9.2 Notification of Misappropriation

If either party shall learn or believe that any unauthorised person has improperly come into possession of any part of the Licensed Technology, any person has made any improper or unauthorised use of the Licensed Technology; or any unauthorised person is doing anything in contravention of rights that attach to and arise from the Licensed Technology, that party must promptly report the full particulars to the other party.

9.3 Licensee Chooses to Institute Misappropriation Proceedings

(a) The parties acknowledge that, as an exclusive licensee, the Licensee has standing to conduct proceedings against a person that misappropriates Licensed Technology from Licensee, and accordingly, if the Licensee chooses to maintain proceedings against such person, the Licensee, will have sole control of such proceedings and will be solely responsible for all legal fees and disbursements with respect to such proceedings.

(b) The University must give to the Licensee any assistance that the Licensee may request in relation to either of the foregoing proceedings, at the Licensee's expense. The University may not be compelled to join the proceedings as a party but may agree to join, at Licensee's expense, if required by applicable law.

(c) From the damages or settlement received by the Licensee from such proceedings, the Licensee shall pay to the University an amount which represents the royalties that would have been payable by the Licensee to the University, on the amount of sales revenues in relation to which the Licensee's damages or settlement have been assessed (as distinct from the amount of actual damages recovered), or 50% of the net amount actually recovered after deduction of all reasonable costs incurred by Licensee in such proceedings, whichever is less.

9.4 Licensee Chooses not to Institute Proceedings

If, after a request by the University, the Licensee elects not to institute proceedings against a person who misappropriates Licensed Technology and the University wishes to do so:

(a) the Licensee must give to the University any assistance that the University may request in relation to those proceedings, including join the proceedings as a party if required by law, at the University's expense; and

(b) the University will solely control the proceedings, will be solely responsible for all legal fees and disbursements with respect to such proceedings, and will solely take the benefit of any damages or other monies that accrue from those proceedings.

10. CONFIDENTIAL INFORMATION

10.1 Ownership and Disclosure of Confidential Information

All Licensed Technology disclosed to Licensee is Confidential Information and the property of the University. Any other Confidential Information disclosed by University to Licensee will be the property of University.

Any Confidential Information disclosed by Licensee to University will be property of Licensee.

10.2 Use of Confidential Information

The Recipient may use the Confidential Information solely as expressly permitted by this Agreement, and for no other purpose, and Recipient shall keep the Confidential Information secret and confidential, and not disclose, communicate, or otherwise make known to any person any part of the Confidential Information without the prior written consent of the Discloser, which the Discloser may give or to decline to give in its discretion.

10.3 Relief to Recipient

(a) The Recipient is relieved from the Recipient's obligations contained in clause 10.2 in respect to any Confidential Information which:

- (i) the Recipient can show was lawfully in the possession of the Recipient as at the date of the disclosure and was not subject to an obligation of confidentiality, or
- (ii) becomes part of the Public Domain otherwise than by a breach of this Agreement, or
- (iii) the Recipient can show was received in good faith from a person without any obligation of confidentiality.

(b) Relief from the obligations of clause 10.2 with respect to any part of Licensed Technology will not relieve Licensee from other obligations of this Agreement unless such part of Licensed Technology has entered the Public Domain through no fault of Licensee.

(c) The Recipient is also relieved from the Recipient's obligations contained in clause 10.2 to the extent that the Recipient has a legal obligation to disclose the Confidential Information, provided the Recipient notified the Discloser of the legal obligation, and if possible, postponed the disclosure to enable the Discloser, if it decides to do so, to seek relief for the Recipient from that legal obligation to disclose. Compelled disclosure of Licensed Technology will not relieve Licensee from its obligation under this Agreement so long as Licensee uses such Licensed Technology.

10.4 Damages Inadequate

The Recipient acknowledges that:

(a) damages may be an inadequate remedy to the Discloser in the event of any breach of clause 10.2 and that only injunctive relief or some other equitable remedy might be adequate to properly protect the interests of the Discloser; and

(b) the Discloser would not have entered into this Agreement but for the acknowledgment made by the Recipient in paragraph (a).

10.5 Disclosure to Directors and Employees

(a) The Recipient may disclose the Confidential Information to such of its directors and employees as is necessary to enable the Recipient to fully take advantage of the Confidential Information for the purposes of this Agreement.

(b) The Recipient warrants that each person to whom the Recipient is permitted to disclose the Confidential Information, before such disclosure is made, will be subject to contractual or other duties of confidentiality to the Recipient at least to the extent imposed upon the Recipient pursuant to this Agreement.

(c) The Discloser may require that no Confidential Information be disclosed to a director or employee of the Recipient unless that person enters into a confidentiality undertaking upon such terms as the Discloser shall reasonably require.

10.6 Disclosure for Commercialization

(a) The Licensee may, without the prior written consent of the University, disclose Confidential Information for the purpose of exercising its rights pursuant to this Agreement.

(b) The Licensee must ensure that its disclosure of Confidential Information pursuant to paragraph (a) is upon such terms, or is restricted to such an extent as:

(i) protects the Confidential Information from unauthorised or improper use or disclosure, and

(ii) does not prejudice any possible future patent application in relation to what is to be disclosed.

10.7 Infringement of Confidentiality

If the Recipient learns or believes that:

(a) any unauthorised person has come into possession of any part of the Confidential Information;

(b) any person has made any improper or unauthorised use of the Confidential Information; or

(c) any unauthorised person is doing anything in contravention of rights that attach to and arise from the Confidential Information,

the Recipient must immediately report full particulars to the Discloser, and must provide to the Discloser all assistance and information it may request with respect to that information.

10.9 Public Statements

Neither party may make any public or media statement concerning this Agreement without the consent of the other party.

10.10 Survival of Obligations

The termination of this Agreement shall not affect each party's obligations in this Agreement relating to the Confidential Information of the other set out this clause 10.

11. PUBLICATIONS

11.1 Publications Review by Licensee

The University must serve upon the Licensee a copy of any Proposed Publication. The Licensee may, within 30 days after receipt of a Proposed Publication, object to the publication of the Proposed Publication as disclosing Licensed Technology unprotected by patents.

11.2 University may Authorise Publication

The University may publish or authorise the publication of a Proposed Publication if:

- (a) the content of the Proposed Publication objected to by Licensee is the subject of a patent that has issued or been filed; or
- (b) the Licensee does not object to its publication within 30 days after its receipt; or
- (c) the University and Licensee agree on acceptable revision of the Proposed Publication.

11.3 Student Thesis

A Student Thesis shall be a Proposed Publication, and shall be dealt with in accordance with clauses 12.1 and 12.2.

11.4 Examination of Student Thesis

- (a) Within the time mentioned in clause 11.1, the Licensee may notify the University that it requires any examination of a Student Thesis to be undertaken by examiners bound by obligations of confidentiality. Without such notification, the University may permit examination of the Student Thesis and its deposit in any library.
- (b) If the Licensee notifies the University that it requires any examination of a Student Thesis to be undertaken by examiners bound by obligations of confidentiality, the University must ensure that:
 - (i) the examination of the Student Thesis is undertaken by examiners who are bound by obligations of confidentiality; and
 - (ii) the deposit of the Student Thesis in any library is deferred until one of the events in clause 11.2 occurs.

11.5 Proposed Publications and the Licensee's Confidential Information

A Proposed Publication and a Student Thesis must not contain any Confidential Information originating with the Licensee.

12. INSURANCE

12.1 The Licensee to Take Out Insurance

- (a) Before the Licensee Commercialises Licensed Technology or sells any Licensed Product, the Licensee must take out a product liability policy of insurance covering all usual risks covered by such policies, including any loss or damage or injury of any kind whatsoever and howsoever caused to any person or property, and special, direct, indirect or consequential, including consequential financial loss suffered by any person, arising out of the Commercialisation of the University IP or the use of the Licensed Products, for an amount not less than \$10,000,000.00 per claim or such other reasonable amount as the University shall from time to time notify the Licensee.

(b) Before any Sublicensee Commercialises any Licensed Technology or sells any Licensee Product, the Licensee must ensure that the Sublicensee takes out a product liability policy of insurance of the same scope as required by clause 12.1(a).

12.2 The Licensee to Take Out No Fault Compensation Clinical Trial Insurance

Before the Licensee or a Sublicensee commences any clinical trial in relation to any Licensed Technology, the Licensee must take out, or must ensure that any Sublicensee takes out a no fault compensation clinical trial policy of insurance covering all usual risks covered by such policies, including any loss or damage or injury or death and special, direct, indirect or consequential, including consequential financial loss suffered by any such person, arising out of the clinical trial, for an amount not less than \$5,000,000.00 per claim or such other reasonable amount as the University shall from time to time notify the Licensee.

12.3 The Licensee to Maintain Insurance

The Licensee must maintain the insurance policy referred to in clauses 12.1 and 12.2 until that date which is seven years from the date of the last sale of a Product.

12.4 The Licensee to Provide a Copy of Insurance

The Licensee must upon being required to do so by the University, produce to the University for the University's inspection the insurance policy referred to in clause 12.1 or 12.2, or a certificate of currency issued by the insurer in respect to such insurance.

12.5 The University May Insure if the Licensee Fails to Insure

If the Licensee fails to keep current the insurance policies required pursuant to clauses 12.1 and 12.2, the University may obtain such insurance, and Licensee must reimburse the University for all costs incurred by doing so.

13. WARRANTIES

13.1 Commercialisation is Uncertain

The Licensee acknowledges the fundamental uncertainty with respect to the Commercialisation of new technology.

13.2 Warranties by the University

(a) The University warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the University owns the Licensed Technology both legally and beneficially and has the right to disclose and authorize Licensee to use it in accordance with this Agreement, and the University has not received any notice or claim from a Third Party alleging use of Licensed Technology infringes any patent or other intellectual property rights of any Third Party published as of the Effective Date.

(b) University further warrants to Licensee:

- (i) the Licensed Technology is not encumbered, mortgaged, or charged in any way, nor subject to any lien;
- (ii) there is no litigation pending in respect to the Licensed Technology, and there is no claim or demand that has been received from any Third Party in relation to the Licensed Technology; and

- (iii) no license or right in the Licensed Technology has been granted that conflicts with right granted to Licensee in this Agreement.

13.3 Acknowledgments

Each party acknowledges that:

- (a) Except for such warranties on the part of the University as are expressly set out in this Agreement there are no other terms or warranties binding upon the University or between the University and the Licensee.
- (b) The University has not made, nor has any person on behalf of the University made any term, warranty, undertaking, or understanding whatsoever that is not expressly set out in this Agreement.
- (c) To the full extent permitted by law, there are no statutory warranties binding upon the University.
- (d) No representation or promise of any description, not expressly included in this Agreement, was made before this Agreement was entered.

13.4 No Other Warranties

The Licensee acknowledges that the University has not made and does not make any warranty or representation whatsoever as to:

- (a) the safety of the Licensed Technology or the Licensed Products;
- (b) the Commercialisation of the Licensed Technology or the Licensed Products;
- (c) the marketability of the Licensed Technology or the Licensed Products;
- (d) the profits or revenues that may result from the Commercialisation of the Licensed Technology or the Licensed Products;
- (e) the Commercialisation prospects or success of any part of the Licensed Technology or the Licensed Products;
- (f) whether any patent application may be granted, or granted with the claims sought, or any reduced claims; and
- (g) whether any patent granted may be declared invalid or cease to be registered.

14. RELEASE AND INDEMNITY

14.1 Release

- (a) The Licensee releases the University its officers, employees, sub-contractors and agents from and against all actions, claims, proceedings or demands and in respect of any loss, death, injury, illness or damage arising out of the Commercialisation or use of the Licensed Technology, or any products derived from the Licensed Technology.
- (b) To the full extent permitted by law, the University its officers, employees, sub-contractors and agents will not be liable to the Licensee for any special, indirect or consequential damages, including consequential financial loss arising out of the Commercialisation or use of the Licensed Technology, or any products derived from the Licensed Technology.

14.2 Release and Confidentiality

Clause 15.1 does not apply in relation to any breach by the University its officers, employees, sub-contractors or agents of any obligation of confidentiality in this Agreement.

14.3 Indemnity

(a) The Licensee indemnifies and shall continue to indemnify the University its officers, employees, sub-contractors and agents from and against all actions, claims, proceedings or demands (including those brought by third parties) which may be brought against it or them, whether on their own or jointly, in respect of any loss, death, injury, illness or damage arising out of the Commercialisation or use of the Licensed Technology, or any products derived from the Licensed Technology.

(b) The obligation to indemnify the University and its officers, employees, sub-contractors and agents set out in paragraph (a) is a continuing obligation separate and independent of other obligations, and shall survive the expiration or termination of this Agreement.

15. DISPUTE RESOLUTION

(a) Any dispute arising directly under the express terms of this Agreement or the grounds for termination thereof will be resolved as follows. First, within ten (10) days after either Party identifies the existence of a dispute, each party will appoint a representative with authority to resolve the identified dispute and such representatives, within 20 days after their appointment, will meet to attempt to resolve such dispute. If the representatives cannot resolve the dispute, either Party may make a written demand for formal dispute resolution. Within ten (10) days after such written demand, the Parties shall meet for one day with an impartial mediator solely to consider dispute resolution alternatives other than litigation, which may include further negotiations, mediation, conciliation, arbitration, litigation, and expert determination. If an alternative method of dispute resolution is not agreed upon within ten (10) days after the one-day mediation, either Party may begin litigation proceedings.

(b) Each Party agrees not to file for or otherwise initiate a litigation or arbitration directed to the dispute being discussed by the Parties under this clause 16 before or during such discussions. Each Party further agrees that it will retain in confidence any information disclosed by the other Party during such discussions (except for information already in the public domain).

16. TERMINATION

16.1 Termination for Default

If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

16.2 Termination for Event of Default

If an Event of Default shall occur the non-defaulting party may by notice in writing terminate this Agreement immediately. For the purposes of this Agreement, each of the following shall be an Event of Default:

- (a) if a party assigns or sub-contracts (other than by Sublicense) the performance of this agreement to another person without the other party's prior written consent, or
- (b) if a party becomes insolvent or subject to administration or liquidation.²⁰⁵

16.3 Termination Does not Affect Prior Rights or Obligations or Accrued Rights

- (a) The termination of this Agreement by any party shall not relieve the other party from performing all obligations which:
 - (i) fell due to be performed before the effective termination of this Agreement; or
 - (ii) fall due to be performed because of that termination.
- (b) The termination of this Agreement will not affect any rights which accrue to any party before the termination, or which arise connected with the termination, which are preserved.

17. TERMINATION AND CONFIDENTIAL INFORMATION

17.1 Return of Confidential Information

Immediately upon the termination or expiration of this Agreement, however that arises, unless the parties shall enter into a further Agreement in respect to the Confidential Information, the Recipient must immediately upon being so requested in writing by the Discloser, deliver to the Discloser all Confidential Information in its possession and all tangible items containing any Confidential Information or summaries thereof.

17.2 Destruction of Confidential Information

Any part of the Confidential Information which cannot conveniently be returned to the Discloser by the Recipient must be destroyed in the manner that the Discloser directs.

18. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

²⁰⁵ Customise these phrases to refer to applicable insolvency terms in your own country.

19. GENERAL

19.1 No Assignment by or Sub-Contracting by the Licensee

Except for Sublicenses granted under clause 4, the Licensee must not assign, sub-contract, or transfer, any of its rights or obligations in this Agreement to any person, without the prior consent in writing of the University, which the University must not unreasonably withhold.

19.2 Relationship between the Parties

(a) The relationship between the parties is that of licensor and licensee, and nothing shall be construed or interpreted to make one party the agent, partner, joint venturer or representative of the other.

(b) Neither party may at any time, without the prior written consent of the other act as or represent that it is the agent, partner, joint venturer or representative of the other.

19.3 Further Assurance

Each party must on demand by another party perform all such acts and execute all such agreements, assurances and other documents and instruments as that party reasonably requires either to perfect the rights and powers afforded, created or intended to be afforded or created by this Agreement or to give full force and effect to, or facilitate the performance of, the transactions provided for in this Agreement.

19.4 Counterparts

This Agreement may be executed in separate counterparts, and all those counterparts together constitute one agreement.

19.5 Legal Costs

Each party shall be responsible for its own legal fees and costs in connection with the preparation, negotiation and execution of this Agreement.

19.6 Warranty of Authority

Where this Agreement is signed by a person for and on behalf of a party to this Agreement, that person:

(a) warrants that the person is the authorised agent of that party with express authority to enter into and sign this Agreement for and on behalf of that party, and thereby to bind that party to the obligations upon that party contained in this Agreement; and

(b) acknowledges that the other party to this Agreement would not have entered into this Agreement but for the warranty of authority contained in paragraph (a).

19.7 Whole Agreement

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

19.8 Variations

No variation to this Agreement shall be binding upon the parties unless that variation is in writing, and is signed by officers or directors all the parties to this Agreement.

19.9 Waiver

- (a) No failure or delay of any party to exercise any right given pursuant to this Agreement or to insist on strict compliance by any other party of any obligation in this Agreement shall constitute a waiver of any party's rights to demand exact compliance with the terms of this Agreement.
- (b) Waiver by any party of any particular default by any other party shall not affect or prejudice each party's right in respect of any prior or subsequent default of the same or of a different nature.
- (c) Any delay or omission by any party to exercise any right arising from any default shall not affect or prejudice that party's right in respect to such a default or any subsequent default or the continuance of any default.
- (d) Any waiver shall be an effective waiver only if the waiver is expressly set out in writing and signed by the party making the waiver.

19.10 Applicable Law

- (a) The parties agree that this Agreement is made and entered into in *²⁰⁶ and shall be construed according to the laws thereof.
- (b) The parties agree to submit themselves to the non-exclusive jurisdiction of the laws in force for the time being in *.

19.11 Severance

If it is held by a court that any part of this Agreement is or would be void, voidable, illegal or unenforceable, or the application of any part of this Agreement to any person or circumstances is or may become invalid or unenforceable, that part shall be severable and shall not affect the continued operation of the remaining terms of this Agreement.

SIGNATURE PAGE FOLLOWS

²⁰⁶ Insert the state, province or country that the parties agree to be the governing law for this Agreement.

SIGNATURES OF PARTIES

SIGNED)
for The University)
in the presence of)
)

Signature

Signatory print full name

Signature of witness

Witness print full name

Date: _____

SIGNED)
for THE LICENSEE)
in the presence of)
)

Signature

Signatory print full name

Signature of witness

Witness print full name

Date: _____

SCHEDULE 1: LICENSED TECHNOLOGY

Fully describe the Technology that is licensed.

COPYRIGHT LICENSE AGREEMENT

Note:

This template is suitable for use when licensing any works in which copyright subsists.

It is not suitable for licensing software to an end user.

COPYRIGHT LICENSE AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

^{*207} _____, a ^{*208} _____, located at ^{*209} _____
 (“University”)

AND

* _____, a _____, located at _____ ^{*210} (“Licensee”)

AGREE AS FOLLOWS:

BACKGROUND

- A. The University owns the copyright in the Materials.
- B. The University has agreed to grant a license to the Licensee to exercise the Rights and to use the Materials for the Purpose, upon the terms of this Agreement.

THIS AGREEMENT PROVIDES

1. DEFINITIONS AND INTERPRETATION

1.1 Reference Schedule

The Reference Schedule²¹¹ attached to this Agreement defines the following terms used in this Agreement:

Deliverables
 License Fee
 Materials
 Purpose
 Rights
 Royalty
 Term

²⁰⁷ Insert the formal legal name of the university or research organization.

²⁰⁸ Insert legal nature of the university or research organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

²⁰⁹ Insert the address of the university or research organisation that will be undertaking the research.

²¹⁰ Insert the legal name, legal nature, and address of the licensee.

²¹¹ The Reference Schedule is located at the back of the Agreement, and is the location where these terms will be defined.

Territory.

1.2 Definitions

In this Agreement:

Effective Date means the date set forth at beginning of this Agreement or, if no date is set forth, the date of signature of the last party to sign this Agreement.

Moral Rights means an author's right of attribution of authorship, right of integrity of authorship, and right not to have authorship falsely attributed.

Royalty Period means each consecutive period ending March 31, June 30, September 30 and December 31 each year.

1.3 Reference to Materials

Reference in this Agreement to the Materials includes a reference to the works described as Materials in the Reference Schedule, and the copyright subsisting in those works.

1.4 Interpretation

- (a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.
- (b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.
- (c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.
- (d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.
- (e) Where a word or phrase is given a particular meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) Where a party to this Agreement is more than one person the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.
- (g) The word "including" is not a word of limitation.
- (h) If something must be done on a day that is not a business day, it may be done on the next day that is a business day.
- (i) A reference to any statute is a reference to that statute, as amended and in force from time to time.

2. DURATION

The duration of this Agreement is the Term. The duration of this Agreement may be extended by written agreement between the parties.

3. GRANT OF LICENSE

3.1 Grant of License to the Licensee

The University grants to the Licensee [a nonexclusive] [an exclusive]²¹² license for the Materials, for the Term, in the Territory, to exercise the Rights in relation to the copyright in the Materials, but only for the Purpose.

3.2 Deliverables

Promptly after the Effective Date, the University will provide the Deliverables to the Licensee in the format referred to in the Reference Schedule.

3.3 Sub-Licensing

Choose one of three versions of this clause

- The rights granted to the Licensee are personal, and accordingly the Licensee may not grant sublicenses of the Materials without the University's prior written consent.
- The Licensee may grant sublicenses of the Materials in the Territory, to exercise the Rights in relation to the copyright in the Materials, but only for the Purpose, with the University's prior written consent, which must not be unreasonably withheld, conditioned or delayed.
- The Licensee may grant sublicenses of the Materials in the Territory, to exercise the Rights in relation to the copyright in the Materials, but only for the Purpose, without the University's prior consent.

4. MATERIALS

4.1 Territory

The Licensee may not exercise any Rights to the Materials outside the Territory.

4.2 Rights

The Licensee may not exercise any of the rights associated with the copyright in the Materials, other than the Rights granted in this Agreement.

4.3 Purpose

The Licensee may not use the Materials for any purpose, other than the Purpose.

4.4 Copying

The Licensee may copy the Materials to the extent permitted by the Rights and the Purpose, and to maintain an archive copy or backup copy of the Materials. The Licensee may not otherwise copy the Materials.

4.5 Prohibitions

Licensee may not publish, distribute, alter, adapt, or translate the Materials except as expressly permitted in the Rights and Purpose.

²¹² Select one.

4.6 University's Name

The Licensee may not remove the University's name from the Materials.

4.7 Copyright Notice

The Licensee must retain on the Materials all notices that call attention to the University's ownership of copyright in the Materials, must ensure that all copies of the Materials made by the Licensee bear the same notice, and must not delete, alter or obliterate any such notice.

5. FINANCIAL TERMS

5.1 License Fee

The Licensee must pay the License Fee to the University in the manner required by the Reference Schedule. If necessary, the University will provide to the Licensee an invoice for payment of the License Fee at least 30 days before the due date for payment. The Licensee shall pay invoices within 30 days of the date of the invoice, or on the due date for payment set out in the Reference Schedule, whichever is the later.

5.2 Royalties

- (a) The Licensee must pay the Royalties to the University.
- (b) Within 30 days of the last day of each Royalty Period, the Licensee must send to the University a written statement calculating the Royalties in the Royalty Period to which the statement relates and payment of the royalty, by electronic bank transfer, to an account nominated in writing by the University.

5.3 Withholding Tax

If the Licensee is required to pay any withholding tax in respect of any royalties or payments due to the University, the Licensee may reduce the amount of royalties paid to the University by the amount of withholding tax paid by the Licensee provided the Licensee provides copies of receipts to the University for such payments.

5.4 Interest

If any amount due to be paid by the Licensee to the University pursuant to this Agreement is unpaid, the Licensee must pay interest on that amount, from the due date for the payment to the date paid at rate of 18% or the maximum rate permitted by applicable law, whichever is lower.

6. ACCOUNTS

6.1 Accounts to be maintained by the Licensee

The Licensee must keep true and accurate accounts and records of all transactions dealing with the Materials upon which the Royalties are calculated.

6.2 Inspection of Accounts by the University

- (a) The University, at its expense, may appoint a qualified person to inspect the Licensee's books and records maintained pursuant to clause 6.1. Such person, upon seven days advance written notice, during normal business hours, may inspect and copy all accounts and records

kept pursuant to clause 6.1 at the place they are normally retained. University may conduct only one such inspection in any 12-month period. Licensee agrees to reasonably cooperate with such person to facilitate such inspection.

(b) If because of any inspection the University discovers any underpayment of the amounts required to be paid by the Licensee to the University pursuant to this Agreement and the underpayment exceeds five percent (5%) of the amount that should have been paid, the Licensee shall reimburse the University for all reasonable costs incurred in relation to that inspection.

7. INTELLECTUAL PROPERTY

7.1 Ownership

The parties acknowledge that the intellectual property rights, including the copyright subsisting in the Materials, vests with the University. The Licensee must not directly or indirectly contest or impair the University's ownership and rights in the Materials, or represent that it has any ownership interest in the things referred to in the Materials.

7.2 Warranties in Relation to Copyright

(a) The University warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the University solely owns the copyrights in the Materials both legally and beneficially, and the copying, publication and distribution of the Materials does not infringe the copyright of any Third Party in a work published as of the Effective Date.

(b) University further warrants to Licensee that (i) the Materials are not encumbered, mortgaged, or charged in any way, nor subject to any lien; (ii) there is no litigation pending in respect to the Materials; (iii) there is no claim or demand that has been received from any third party in relation to the Materials; and (iv) no license or right in the Materials has been granted that conflicts with Rights granted to Licensee in this Agreement.

7.3 Warranties in Relation to Moral Rights²¹³

The University warrants that the authors of the Materials have consented to the following classes or types of acts or omissions in relation to the authors' Moral Rights in relation to the Materials:

- (a) using, reproducing, communicating, modifying or adapting all of or any part of a work, with or without attribution of authorship,
- (b) adding to a work, or removing parts of a work, and
- (c) using a work in a different context to that originally envisaged

but not false attribution of authorship.

7.4 Infringement

If the Licensee shall learn or believe that any unauthorised person has come into possession of any part of the Materials; any person has made any improper or unauthorised use of the Materials; or any unauthorised person is doing anything in contravention of rights that attach to and arise from the Materials, the Licensee must immediately report full particulars to the University.

²¹³ Delete this clause if it is not applicable. Refer to the Guidelines.

7.5 Licensee Chooses to take Infringement Proceedings²¹⁴

(a) The parties acknowledge that, as an exclusive licensee, the Licensee has standing to conduct proceedings against an infringer of the Materials, and accordingly, if the Licensee chooses to maintain proceedings against an infringer, the Licensee, will have sole control of such proceedings and will be solely responsible for all legal fees and disbursements with respect to such proceedings.

(b) The University must give to the Licensee any assistance that the Licensee may request in relation to those proceedings, at the Licensee's expense. The University may not be compelled to join the proceedings as a party but may agree to join, at Licensee's expense, if required by applicable law.

(c) From the damages or settlement received by the Licensee from such proceedings, the Licensee shall pay to the University an amount which represents the royalties that would have been payable by the Licensee to the University under this Agreement, on the amount of sales revenues in relation to which the Licensee's damages or settlement have been assessed (as distinct from the amount of actual damages recovered), or 50% of the net amount actually recovered after deduction of all reasonable costs incurred by Licensee in such proceedings, whichever is less.

7.6 Licensee Chooses not to Take Infringement Proceedings²¹⁵

If, after a request by the University, the Licensee elects not to institute proceedings against an infringer of the Materials and the University wishes to do so:

(a) the Licensee must give to the University any assistance that the University may request in relation to those proceedings, including join the proceedings as a party if required by law, at the University's expense; and

(b) the University will solely control the proceedings, will be solely responsible for all legal fees and disbursements with respect to such proceedings, and will solely take the benefit of any damages or other monies that accrue from those proceedings.

8. DISPUTE RESOLUTION

(a) Any dispute arising directly under the express terms of this Agreement or the grounds for termination thereof will be resolved as follows. First, within ten (10) days after either party identifies the existence of a dispute, each party will appoint a representative with authority to resolve the identified dispute and such representatives, within 20 days after their appointment, will meet to attempt to resolve such dispute. If the representatives cannot resolve the dispute, either party may make a written demand for formal dispute resolution. Within ten (10) days after such written demand, the parties shall meet for one day with an impartial mediator solely to consider dispute resolution alternatives other than litigation, which may include further negotiations, mediation, conciliation, arbitration, litigation, and expert determination. If an alternative method of dispute resolution is not agreed upon within ten (10) days after the one-day mediation, either party may begin litigation proceedings.

(b) Each party agrees not to file for or otherwise initiate a litigation or arbitration directed to the dispute being discussed by the Parties under this Clause 8 before or during such

²¹⁴ Delete this clause if the license is a nonexclusive one.

²¹⁵ Delete this clause as well if the license is a nonexclusive one.

discussions. Each party further agrees that it will retain in confidence any information disclosed by the other party during such discussions (except for information already in the public domain).

9. TERMINATION

9.1 Termination for Default

If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

9.2 Termination for Event of Default

If an Event of Default shall occur the non-defaulting party may by notice in writing terminate this Agreement immediately. For the purposes of this Agreement, each of the following shall be an Event of Default:

- (a) if a party assigns or sub-contracts (other than by Sublicense) the performance of this agreement to another person without the other party's prior written consent, or
- (b) if a party becomes insolvent or subject to administration or liquidation.²¹⁶

9.3 Termination does not Affect Prior Rights or Obligations or Accrued Rights

- (a) The termination of this Agreement by any party shall not relieve the other party from performing all obligations which:
 - (i) fell due to be performed before the effective termination of this Agreement; or
 - (ii) fall due to be performed as a result of that termination.
- (b) The termination of this Agreement will not affect any rights which accrue to any party before the termination, or which arise connected with the termination, which are preserved.

10. TERMINATION AND MATERIALS

Upon the termination of this Agreement, the Licensee must return or destroy all copies of the Materials, as directed by the University. The University shall be entitled to appoint a person to oversee and verify the performance by the Licensee of its obligations in this clause. Upon the performance by the Licensee of its obligations in this clause, the Licensee must certify in writing to the University that performance has been completed, and the parties agree such certification will be a warranty by the Licensee that the Licensee has performed all the Licensee's obligations in this clause.

11. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon

²¹⁶ Customise these phrases to refer to applicable insolvency terms in your own country.

delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

14. GENERAL

14.1 No Assignment or Sub-Contracting

Except for authorized sublicenses, the Licensee must not assign, sub-contract, or transfer any of their rights or obligations in this Agreement to any person, without the prior consent in writing of the University, which the University must not unreasonably withhold.

14.2 Relationship between the Parties

(a) The relationship between the parties is that of licensor and licensee, and nothing shall be construed or interpreted to make one party the agent, partner, joint venturer or representative of the other.

(b) Neither party may at any time, without the prior written consent of the other act as or represent that it is the agent, partner, joint venturer or representative of the other.

14.3 Counterparts

This Agreement may be executed in separate counterparts, and all those counterparts together constitute one agreement.

14.4 Legal Costs

Each party shall be responsible for its own legal fees and costs in connection with the preparation, negotiation and execution of this Agreement.

14.5 Warranty of Authority

Where this Agreement is signed by a person for and on behalf of a party to this Agreement, that person:

(a) warrants that the person is the authorised agent of that party with express authority to enter into and sign this Agreement for and on behalf of that party, and thereby to bind that party to the obligations upon that party contained in this Agreement; and

(b) acknowledges that the other party to this Agreement would not have entered into this Agreement but for the warranty of authority contained in paragraph (a).

14.6 Whole Agreement

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

14.7 Variations

No variation to this Agreement shall be binding upon the parties unless that variation is in writing, and is signed by officers or directors of all the parties to this Agreement.

14.8 Waiver

(a) No failure or delay of any party to exercise any right given pursuant to this Agreement or to insist on strict compliance by any other party of any obligation in this Agreement shall constitute a waiver of any party's rights to demand exact compliance with the terms of this Agreement.

(b) Waiver by any party of any particular default by any other party shall not affect or prejudice each party's right in respect of any prior or subsequent default of the same or of a different nature.

(c) Any delay or omission by any party to exercise any right arising from any default shall not affect or prejudice that party's right in respect to such a default or any subsequent default or the continuance of any default.

(d) Any waiver shall be an effective waiver only if the waiver is expressly set out in writing and signed by the party making the waiver.

14.9 Applicable Law

(a) The parties agree that this Agreement is made and entered into in ^{*217} and shall be construed according to the laws thereof.

(b) The parties agree to submit themselves to the non-exclusive jurisdiction of the laws in force for the time being in *.

14.10 Severance

If it is held by a court that any part of this Agreement is or would be void, voidable, illegal or unenforceable, or the application of any part of this Agreement to any person or circumstances is or may become invalid or unenforceable, that part shall be severable and shall not affect the continued operation of the remaining terms of this Agreement.

SIGNATURE PAGE FOLLOWS

²¹⁷ Insert the state, province or country that the parties agree to be the governing law for this Agreement.

SIGNATURES OF PARTIES

SIGNED)
for THE UNIVERSITY)
in the presence of)
)

Signature

Signatory print full name

Signature of witness

Witness print full name

Date _____

SIGNED)
for THE LICENSEE)
in the presence of)
)

Signature

Signatory print full name

Signature of witness

Witness print full name

Date _____

REFERENCE SCHEDULE

NOTE:

The third column contains guidance on completing the second column.

When completed:

1. delete the third column,
2. widen the second column to take up the remainder of the page
3. delete this Note.

Deliverables		Describe what the University must deliver to the Licensee. For example, will the Materials be delivered in hardcopy form, or in an electronic format. In the latter case, which format?
License Fees		Describe the license fee that are payable. There may be a single lump sum license fee, or there may be multiple license fees. Or, there may be no license fees, with only royalties payable. If that is the case, insert Not Applicable.
Materials		Fully describe the Materials that are licensed. List each separate item accurately so that it can be identified and distinguished from other things. If applicable, include a title, the name of the author, a version number, a catalogue number, etc
Purpose		What is the permitted purpose for which the Licensee can use the Materials. Some examples are: To publish in book form. To publish on line. To provide executive training. To use in the delivery of university courses. If all purposes are permitted, insert 'All purposes'

Rights		<p>Many rights attach to copyright, including the following rights</p> <ul style="list-style-type: none"> To publish To reproduce or copy To sell copies To perform To make available on line To electronically transmit To translate To otherwise make an adaptation To import or export To transmit or display by radio or video. <p>Indicate which of these rights the Licensee is permitted to exercise. All other rights are excluded.</p> <p>If all Rights are to be included, insert "all the rights of a copyright holder"</p>
Royalty		<p>Insert the applicable royalty rate. Also insert what the royalty rate will be calculated on. For example:</p> <p>A royalty of *% of all Training Fees received, being fees invoiced and received for the provision of training with the use of the Materials.</p> <p>A royalty of *% of the invoice price for which the Materials are published.</p> <p>If no royalty is payable, insert "Not Applicable"</p>
Term		<p>Insert the duration of the license.</p>
Territory		<p>Insert the country or regions in relation to which the license is granted.</p> <p>If worldwide rights are intended, insert "The whole world".</p>

INTER-INSTITUTIONAL LICENSE AGREEMENT

INTER-INSTITUTIONAL LICENSE AGREEMENT

IN THIS AGREEMENT, effective as of the _____ day of _____ two thousand and [year]

^{*218} _____, a ^{*219} _____, located at ^{*220} _____
 (“Licensor”)

AND

* _____, a _____, located at _____ ^{*221} (“Licensee”)

AGREE AS FOLLOWS:

BACKGROUND

- A. The Licensor and the Licensee are the joint owners of the Technology.
- B. The parties have agreed that the Licensor will grant a license to the Licensee to Commercialise the Licensor’s interest in the Technology.
- C. The Licensee will Commercialise the Technology in accordance with this Agreement.

THIS AGREEMENT PROVIDES²²²

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Affiliate means any entity which controls, is controlled by, or is under common control with a party, and for that purpose control means the ownership or direct or indirect control of at least 50% of the voting shares of another entity, or having directly or indirectly the power to direct or cause the direction of the management and policies of another entity.

²¹⁸ Insert the formal legal name of the licensor organization.

²¹⁹ Insert legal nature of the licensor organisation, such as “a public university” of a country; “a not for profit public corporation” of a country; or other legal structure.

²²⁰ Insert the address of the licensor organisation that will be undertaking the research.

²²¹ Insert the legal name, legal nature, and address of the licensee.

²²² Hereafter in the agreement, if there is only Joint Technology, delete reference to Joint IP, and if there is only Joint IP, delete reference to Joint Technology.

Commercialisation Agreement means an agreement between Licensee and a Third Party granting licenses for Commercialisation of the Joint IP and Joint Technology.

Commercialisation Costs mean all out of pocket expenses reasonably incurred by the Licensee in Commercialising the Joint IP and Joint Technology, including Patent Expenses, travel and accommodation expenses, legal expenses, and fees and expenses of other advisers and consultants.

Commercialisation Revenue means all consideration received by the Licensee from Commercialising the Joint IP and Joint Technology, including upfront fees, royalties upon sales, royalties upon sublicense fees, milestone payments, other lump sum amounts, dividends and proceeds of sale of shares in a company into which the Joint IP and Joint Technology may be licensed, and all other monies whatsoever, but excludes any monies received pursuant to a research agreement for research and expended upon research.

Commercialise means making, using, selling, offering for sale, importing, copying, or distributing any product, process or original work for consideration, including without limitation, all activities directed to marketing, promoting, manufacturing, packaging and distributing products or services, offering for sale and selling products or services, importing products for sale, permitting or licensing others to do any of the foregoing, or using products to render services, where in each case, products includes software programs.

Confidential Information means any information that is labeled or identified at the time of disclosure under this Agreement as confidential or proprietary to the Discloser, including inventions; discoveries; facts; data; ideas; manner, method or process of manufacture; method or principle of construction; chemical composition or formulation; techniques; products; prototypes; processes; names; know-how; routines; specifications; drawings; trade secrets; technology methods; computer programs; works in respect to which copyright subsists; circuit board layouts; business plans; marketing plans; strategies; market analysis; feasibility plans; concept documents; expert's reports; forecasts; projections; methodologies; financial accounts; financials statements; cash flow statements; valuations; and other knowledge.

Discloser means a party to this Agreement which discloses Confidential Information.

Effective Date means the date set forth at beginning of this Agreement or, if no date is set forth, the date of signature of the last party to sign this Agreement.

Improvement means any beneficial addition, modification, alteration or change to Joint IP and Joint Technology solely or jointly made by employees of a party.

Intellectual Property or IP means any legally or contractually enforceable right in any Joint Technology, including without limitation, Patents and the claimed inventions; copyrights and copyrighted original works, including software; industrial design rights and design patents; integrated circuit layout designs; plant breeders right or other right in plant varieties, trade secrets or knowhow.

Joint IP means Intellectual Property jointly owned by Licensor and Licensee as listed in Schedule 1.

Joint Technology means Technology jointly owned by Licensor and Licensee as outlined in Schedule 2.

Licensed IP means the Licensor's interest in the any Intellectual Property as listed in Schedule 3.

Licensed Technology means the Licensor's interest in any Joint Technology as outlined in Schedule 4.

Ownership Proportion²²³ means the parties respective ownership in Joint IP and Joint Technology:

- (a) in relation to the Licensor - *%, and
- (b) in relation to the Licensee - *%.

Patents mean (a) patent applications in any country (including provisional applications, continuation applications, continued prosecution applications, continuation-in-part applications, divisional applications, substitute applications, or abandoned applications and applications for certificates of invention), including without limitation, patent applications under the International Treaties and Conventions, including the Patent Cooperation Treaty and the European Patent Convention; (b) any patents issued or issuing from such patent applications (including certificates of invention); (c) all patents and patent applications based on, corresponding to, or claiming the priority date(s) of any of the foregoing; (d) any reissues, substitutions, confirmations, registrations, renewals, patents of addition, validations, re-examinations, additions, continuations, continued prosecution applications, continuations-in-part, or divisions of or claiming priority to any of the foregoing; and (e) term extensions, supplementary protection certificates and other governmental action which provide exclusive rights to a product beyond the original patent expiration date.²²⁴

Patent Expenses mean all reasonable costs, including attorney's fees, incurred in preparation, filing, and processing patent applications to issuance or abandonment and in maintaining patents.²²⁵

Proposed Publication means a manuscript or abstract intended for publication, a paper or abstract intended to be orally presented, or any poster presentation, that includes any reference to Confidential Information or Joint Technology.

Public Domain means the general store of knowledge that is known or generally available and ascertainable by members of the community.

Recipient means a party to this Agreement to whom Confidential Information is disclosed.

Revenue Sharing Period means each consecutive period ending March 31, June 30, September 30 and December 31 each year.

Student Thesis means a thesis by a student required to be examined to complete academic requirements for the making of an academic award, which refers to or contains any part of the Joint Technology or Confidential Information.

Technology means conceptions, ideas, innovations, discoveries, inventions, processes, machines, biological materials, formulae, equipment, compositions of matter, formulations, plans, specifications, drawings, improvements, enhancements, modifications, technological developments, methods, techniques, systems, designs, production systems and plans, scientific, technical or engineering information, algorithms, concepts, ideas, methods, methodologies, including business method, software, documentation, data, programs and information (irrespective of whether in human or machine-readable form), integrated circuits and their design and layout, and works of authorship, whether or not patentable, copyrightable, or susceptible to any other form of legal protection.

Territory means the whole world.

²²³ Insert the Licensor's and the Licensee respective Ownership proportions, each expressed as a percentage

²²⁴ Delete definition if the license does not include a patent or a patent application

²²⁵ Delete definition if the license does not include a patent or a patent application

Third Party means any person or entity that is not a party to this Agreement or an Affiliate thereof.

1.2 Interpretation

- (a) A reference to a party to this Agreement includes a reference to that party's executor, administrator, heirs, successors, permitted assigns, guardian, and trustee in bankruptcy, all of whom, respectively, are bound by the provisions of this Agreement.
- (b) Headings in this Agreement are inserted for guidance only, and shall not affect the meaning and interpretation of the remaining provisions of this Agreement.
- (c) Words in this Agreement importing the singular number or plural number shall include the plural number and singular number respectively.
- (d) Words in this Agreement importing persons include all persons, entities and associations, including companies, trusts, bodies corporate, statutory bodies, partnerships, and joint venturers.
- (e) Where a word or phrase is given a particular meaning in this Agreement, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.
- (f) Where a party to this Agreement is more than one person the covenants and obligations on their part contained in this Agreement are binding upon each of them jointly and severally.
- (g) The word "including" is not a word of limitation.
- (h) A reference to an amount of money is a reference to that amount in Australian dollars.
- (i) If something must be done on a day that is not a business day, it may be done on the next day that is a business day.
- (j) A reference to any statute is a reference to that statute, as amended and in force from time to time.

2. TERM

2.1 Agreement Term²²⁶

This Agreement, unless terminated in accordance with its terms, will remain in effect from the Effective Date until the later of the date of expiration of the last to expire of Joint IP or the 20th anniversary of the Effective Date.

2.2 Revenue Sharing Term²²⁷

The obligation to share Commercialization revenue under this Agreement will expire on a country-by-country basis on the later of the date the last Joint IP in such country is abandoned, expires or is declared invalid or the 20th anniversary of the Effective Date. If in a country there is no Joint IP, the obligation to share revenue from such country will expire on the earlier of the date on which all substantial Joint Technology enters the Public Domain in such country or the 20th anniversary of the Effective Date.

²²⁶ If there is no Joint IP, delete "the later of the date of expiration of the last to expire of Joint IP or". If there is no Joint Technology, delete "the later of" and "or the 20th anniversary of the Effective Date."

²²⁷ In there is no Joint IP, delete the first sentence and "If in a country there is no Joint IP." If there is no Joint Technology, delete the last sentence, "on the later of" and "or the 20th anniversary of the Effective Date."

3. GRANT OF LICENSE

3.1 Grant

The Licensor grants to the Licensee an exclusive license to Commercialise the Licensed IP and the Licensed Technology in the Territory.

3.2 Commercialisation by Granting Licenses

The Licensee may only Commercialize the Licensed IP and Licensed Technology by way of granting licenses under Joint IP and Joint Technology to Third Parties. Accordingly, Licensor grants Licensee the right to grant sublicenses to such Third Parties under Licensed IP and Licensed Technology.

4. COMMERCIALISATION OF TECHNOLOGY

4.1 Commercialization Costs

The Licensee shall solely incur all Commercialisation Costs in Commercialising the Joint IP and Joint Technology.

4.2 Commercialization Decisions

(a) The Licensee must consult with the Licensor in relation to the proposed manner of Commercialisation of the Joint IP and Joint Technology, and steps taken in that Commercialisation.

(b) The Licensee shall decide all matters with respect to the manner of Commercialising the Joint IP and Joint Technology.

4.3 Reasonable Efforts to Commercialize

The Licensee shall use its reasonable efforts to Commercialise the Joint IP and Joint Technology.

4.4 Communications

(a) The Licensee shall keep the Licensor informed of the progress of Commercialising the Joint IP and Joint Technology.

(b) The Licensee shall provide to the Licensor all reasonable information which the Licensor may request relation to the Commercialisation of the Technology.

4.5 Referral of Enquiries

The Licensor shall provide to the Licensee all leads and prospects in relation to the Commercialisation of the Joint IP and Joint Technology.

4.6 Copies of Commercialisation Agreements

The Licensee must deliver to Licensor a true copy of each Commercialisation Agreement within 30 days after it is signed.

5. COMMERCIALISATION REVENUE

5.1 Disbursement of Commercialisation Revenue

Commercialisation Revenue which the Licensee receives from the Commercialisation of the Joint IP and Joint Technology shall be applied by the Licensee in the following order of priority:

- (a) firstly, by the Licensee retaining an amount equal to Commercialisation Costs and Patent Expenses not previously reimbursed, and whether incurred before or after the date of this Agreement;
- (b) secondly, by the Licensee retaining *%²²⁸ of the remaining amount as its compensation for its Commercialisation activities;
- (c) thirdly, in payment to the Licensor of the Licensor's Ownership Proportion of the remaining amount, and
- (d) fourthly, the Licensee retaining the remainder.

5.2 Payment of Commercialisation Revenue

Within 30 days after the end of each Revenue Sharing Period, Licensee must deliver to Licensor a written statement providing (a) all Commercialisation Revenue received by Licensee during the Revenue Sharing Period, (b) the calculation of parts of the disbursement under clause 5.1, and the amount payable to Licensor. Concurrently with delivery of each such statement, Licensee will pay to Licensor the amount payable, by electronic bank transfer, to an account nominated in writing by the Licensor.

5.3 Accounts

The Licensee must keep and maintain all such accounts and records as are required to be kept by good accounting practice, in relation to the Commercialisation of the Joint IP and Joint Technology, including the Commercialization Agreements entered, investment and shares in Third Parties to which Joint IP or Joint Technology is licensed, Commercialization Revenue received, Commercialization Costs incurred, Patent expenses incurred, and royalty and dividend statements from Third Party licensees.

5.4 Inspection of Accounts

- (a) Licensor, at its expense, may appoint a qualified person to inspect the Licensee's books and records maintained pursuant to clause 5.4. Such person, upon seven days advance written notice, during normal business hours, may inspect and copy all accounts and records kept pursuant to clause 7.4 at the place they are normally retained. Licensor may conduct only one such inspection in any 12-month period. Licensee agrees to reasonably cooperate with such person to facilitate such inspection.
- (b) If because of any inspection the Licensor discovers any underpayment of the amounts required to be paid by the Licensee to Licensor pursuant to this Agreement and the underpayment exceeds five percent (5%) of the amount that should have been paid, the Licensee shall reimburse the Licensor for all reasonable costs incurred in relation to that inspection.

²²⁸ If the Licensee is to receive a percentage of Commercialisation Revenue as compensation for the Licensee's commercialization efforts, insert a percentage here (such as 15% to 30%) otherwise delete paragraph (b)

6. INTELLECTUAL PROPERTY

6.1 Ownership

The parties acknowledge that the Joint IP and Joint Technology (other than the copyright in any Student Thesis) is the joint property of the Licensor and the Licensee in the Ownership Proportions. Any copyright in any Student Thesis is owned by the student who is the author of the Student Thesis.

6.2 Infringement

If either party shall learn or believe that any unauthorised person has come into possession of any part of the Joint IP or Joint Technology, any person has made any improper or unauthorised use of the Joint IP or Joint Technology; or any unauthorised person is doing anything in contravention of rights that attach to and arise from the Joint IP or Joint Technology, that party must promptly report the full particulars to the other party.

7. PATENTS

7.1 What will be Patented

Licensee will control and manage prosecution of all pending patent applications and the maintenance of all issued patents within Joint IP. The Licensee will consult with Licensor on all actions that may have an impact on the scope, content, pendency or issuance of all Patents in Joint IP. The Licensee must consider all Licensor comments and suggestions. Licensee must give Licensor access to or copies of all documents and correspondence relating to all patent applications within Joint IP, and if Licensee uses outside patent attorneys, must instruct them to provide such access or copies to Licensor. All applications for patents in Joint IP will be in the joint names of the Licensor and the Licensee.

7.2 Patent Expenses

All Patent Expenses shall be paid by the Licensee.

8. CONFIDENTIAL INFORMATION

8.1 Ownership of Confidential Information

The Confidential Information is the property of the Discloser. Joint Technology will be Confidential Information of both Licensee and Licensor. Each party will be considered a Recipient and the other party a Discloser this clause 8 with respect to Joint Technology.

8.2 Use of Confidential Information

The Recipient may use the Confidential Information solely as expressly permitted by this Agreement, and for no other purpose, and Recipient shall keep the Confidential Information secret and confidential, and not disclose, communicate, or otherwise make known to any person any part of the Confidential Information without the prior written consent of the Discloser, which the Discloser may give or to decline to give in its discretion.

8.3 Non-Disclosure of Confidential Information

A Recipient must keep the Confidential Information secret and confidential, and must not, disclose, communicate, or otherwise make known to any person any part of the Confidential Information without the prior written consent of the Discloser, which the Discloser shall be at liberty to give or to decline to give in its unfettered and uncontrolled discretion.

8.4 Relief to Recipient

(a) The Recipient shall be relieved from the Recipient's obligations contained in clauses 8.2 and 8.3 in respect to any Confidential Information which:

- (i) the Recipient can show was in the possession of the Recipient as at the date of the disclosure, and that it was not already known subject to an obligation of confidentiality, or
- (ii) becomes part of the Public Domain otherwise than by a breach of this Agreement, or
- (iii) the Recipient can show was received in good faith from a person from a person without any obligation of confidentiality.

(b) The Recipient is also relieved from the Recipient's obligations contained in clause 11.2 to the extent that the Recipient has a legal obligation to disclose the Confidential Information, provided the Recipient notified the Discloser of the legal obligation, and if possible, postponed the disclosure to enable the Discloser, if it decides to do so, to seek relief for the Recipient from that legal obligation to disclose. Compelled disclosure of Licensed Technology will not relieve Licensee from its obligation under this Agreement so long as Licensee uses such Licensed Technology.

8.5 Damages Inadequate

The Recipient acknowledges that:

- (a) damages may be an inadequate remedy to the Discloser in the event of any breach of clause 8.2 or 8.3 occurring, and that only injunctive relief or some other equitable remedy might be adequate to properly protect the interests of the Discloser, and
- (b) the Discloser would not have entered into this Agreement but for the acknowledgment made by the Recipient in paragraph (a).

8.6 Disclosure to Directors and Employees

(a) The Recipient may disclose the Confidential Information to such of its directors and employees as is necessary to enable the Recipient to fully take advantage of the Confidential Information for the purposes of this Agreement.

(b) The Recipient warrants that each person to whom the Recipient is permitted to disclose the Confidential Information, before such disclosure is made, is subject to contractual or other duties of confidentiality to the Recipient at least to the extent imposed upon the Recipient pursuant to this Agreement.

(c) The Discloser may require that no Confidential Information be disclosed to a director or employee of the Recipient unless that person enters into a confidentiality undertaking upon such terms as the Discloser shall reasonably require.

8.7 Disclosure for Commercialisation

(a) The Licensee may, without the prior written consent of the Licensor, disclose Confidential Information for the purpose of exercising its rights pursuant to this Agreement.

(b) The Licensee must ensure that its disclosure of Confidential Information pursuant to paragraph (a) is upon such terms, or is restricted to such an extent as:

- (i) protects the Confidential Information from unauthorised or improper use or disclosure

- (ii) does not prejudice any possible future patent application in relation to what is to be disclosed.

8.8 Infringement of Confidentiality

If the Recipient shall learn or believe that:

- (a) any unauthorised person has come into possession of any part of the Confidential Information
- (b) any person has made any improper or unauthorised use of the Confidential Information, or
- (c) any unauthorised person is doing anything in contravention of rights that attach to and arise from the Confidential Information,

The Recipient must immediately report full particulars to the Discloser, and must provide to the Discloser all assistance and information it may request with respect to that information.

8.9 Public Statements

Neither party may make any public or media statement concerning this Agreement without the consent of the other party.

8.10 Survival of Obligations

The termination of this Agreement shall not affect each party's obligations in this Agreement set out in clauses 8.1 to 8.8.

9. PUBLICATIONS

9.1 Publications to be Provided

Each party must serve upon the other a copy of any Proposed Publication.

9.2 Objection to Publication

A party receiving a Proposed Publication may, within 30 days of a Proposed Publication being served upon it, object to the publication of the Proposed Publication.

9.3 When publication may be Authorised

A party may publish or authorise the publication of a Proposed Publication if:

- (a) the contents of the Proposed Publication is the subject of a patent that has issued, or
- (b) the contents of the Proposed Publication is the subject of an application for a patent or provisional patent that has been lodged, or
- (c) the Proposed Publication was served in accordance with clause 9.1, and the party served informs the other that it does not object to its publication, or
- (d) the Proposed Publication was served in accordance with clause 9.1, but the party served did not object to publication within the time required by clause 9.2, or
- (e) the Proposed Publication was served in accordance with clause 9.1, the party served objects to publication within the time required by clause 9.2, and a period of 6 calendar months elapses from the date of the objection.

9.4 Patent Applications

If clause 9.3(e) applies, the parties will use their reasonable efforts to ensure that the contents of a Proposed Publication is protected by the lodging of a provisional patent application within the time mentioned in that clause.

9.5 Student Thesis

A Student Thesis that is proposed to be published in an academic journal shall be a Proposed Publication, and shall be dealt with in accordance with clauses 9.1 to 9.9.

9.6 Examination of Student Thesis

(a) Within the time mentioned in clause 9.2, a party may notify the other that it requires any examination of a Student Thesis to be undertaken by examiners bound by obligations of confidentiality.

(b) If a party does not notify the other that it requires any examination of a Student Thesis to be undertaken by examiners bound by obligations of confidentiality, the party serving the Student Thesis may permit:

- (i) The examination of the Student Thesis, and
- (ii) The deposit of the Student Thesis in any library.

(c) If a party notifies the other that it requires any examination of a Student Thesis to be undertaken by examiners bound by obligations of confidentiality, the party serving the Student Thesis Licensee must ensure that:

- (i) The examination of the Student Thesis is undertaken by examiners who are bound by obligations of confidentiality, and
- (ii) The deposit of the Student Thesis in any library is deferred until one of the events in clause 9.3 occurs.

9.7 Proposed Publications and a Party's Confidential Information

A Proposed Publication and a Student Thesis must not contain any Confidential Information that originates from the other party or any Joint Technology.

10. WARRANTIES

10.1 Commercialization is Uncertain

Each party acknowledges the fundamental uncertainty with respect to Commercialization of new technology.

10.2 Warranties by Licensor

(a) In relation to Patents in Licensed IP, the Licensor warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the Licensor solely owns such Patents and the inventions disclosed and claimed therein both legally and beneficially, and the use of such inventions as claimed in such Patents does not infringe any patent or other intellectual property rights of any Third Party published as of the Effective Date.

(b) In relation to Licensed Technology, the Licensor warrants to the Licensee that as of the Effective Date, to the best of its actual knowledge, the Licensor owns the Licensed Technology both legally and beneficially and has the right to disclose and authorize Licensee to use it in accordance with this Agreement, and the Licensor has not received any notice or claim from a

Third Party alleging use of Licensed Technology infringes any patent or other intellectual property rights of any Third Party published as of the Effective Date.

- (c) Licensor further warrants to Licensee:
 - (i) the Licensed IP and the Licensed Technology is not encumbered, mortgaged, or charged in any way, nor subject to any lien;
 - (ii) there is no litigation pending in respect to the Licensed IP or the Licensed Technology, and there is no claim or demand that has been received from any Third Party in relation to the Licensed IP and the Licensed Technology; and
 - (iii) no license or right in the Licensed IP and the Licensed Technology has been granted that conflicts with right granted to Licensee in this Agreement.

10.3 Acknowledgments

Each party acknowledges that:

- (a) except for such warranties as are expressly set out in this Agreement there are no other terms or warranties binding upon the Licensee or between the Licensee and the Licensor;
- (b) no party has made, and no person on behalf of a party has made any term, warranty, undertaking, or understanding whatsoever that is not expressly set out in this Agreement;
- (c) to the full extent permitted by law, there are no statutory warranties binding upon either party; and
- (d) no representation or promise of any description, not expressly included in this Agreement, was made before this Agreement was entered.

10.4 No Other Warranties

Each party acknowledges that the other has not made and does not make any warranty or representation whatsoever as to:

- (a) the safety of the Joint IP or Joint Technology,
- (b) the Commercialisation of the applications or products derived from the Joint IP or Joint Technology,
- (c) the marketability of such applications or products,
- (d) the profits or revenues that may result from the Commercialisation of such applications or products,
- (e) the Commercialisation prospects of any part of the Joint IP or Joint Technology,
- (f) any Commercialization outcome,
- (g) whether any patent application may be granted, or granted with the claims sought, or any reduced claims, or
- (h) whether any patent granted may be declared invalid or cease to be registered.

11. RELEASE & INDEMNITY

11.1 Release

(a) Each party releases the other its officers, employees, sub-contractors and agents from and against all actions, claims, proceedings or demands and in respect of any loss, death, injury, illness or damage (whether personal or property, and whether special, direct, indirect or consequential, including consequential financial loss) arising out of the Commercialisation of the Joint IP or Joint Technology.

(b) To the full extent permitted by law, neither party, its officers, employees, sub-contractors and agents will not be liable to the other for any special, indirect or consequential damages, including consequential financial loss arising out of this Agreement, or its performance.

11.2 Release and Confidentiality

Clause 11.1 does not apply in relation to any breach by the Licensor its officers, employees, sub-contractors or agents of any obligation of confidentiality in this Agreement.

11.3 Indemnity

(a) The Licensee must procure from each party to a Commercialisation Agreement (other than the Licensee) a indemnification of Licensor and its officers and employees from and against all actions, claims, proceedings or demands and in respect of any loss, death, injury, illness or damage (whether personal or property, but excluding special, indirect or consequential loss, including consequential financial loss) arising out of the party's and its licensee's and affiliate's use and Commercialisation of the Licensed IP or Licensed Technology.

(b) To the extent that the Licensee fails to comply with paragraph (a), or to the extent that an indemnity procured from a party to a Commercialisation Agreement (other than the Licensee) fails to comply with paragraph (a), the Licensee indemnifies the Licensor and its officers and employees from and against all actions, claims, proceedings or demands and in respect of any loss, death, injury, illness or damage (whether personal or property, but excluding special, indirect or consequential loss, including consequential financial loss) arising out of the party's and its licensee's and affiliate's use and Commercialisation of the Licensed IP or Licensed Technology.

12. DISPUTE RESOLUTION

(a) Any dispute arising directly under the express terms of this Agreement or the grounds for termination thereof will be resolved as follows. First, within ten (10) days after either Party identifies the existence of a dispute, each party will appoint a representative with authority to resolve the identified dispute and such representatives, within 20 days after their appointment, will meet to attempt to resolve such dispute. If the representatives cannot resolve the dispute, either Party may make a written demand for formal dispute resolution. Within ten (10) days after such written demand, the Parties shall meet for one day with an impartial mediator solely to consider dispute resolution alternatives other than litigation, which may include further negotiations, mediation, conciliation, arbitration, litigation, and expert determination. If an alternative method of dispute resolution is not agreed upon within ten (10) days after the one-day mediation, either Party may begin litigation proceedings.

(b) Each Party agrees not to file for or otherwise initiate a litigation or arbitration directed to the dispute being discussed by the Parties under this clause 16 before or during such discussions. Each Party further agrees that it will retain in confidence any information disclosed by the other Party during such discussions (except for information already in the public domain).

13. TERMINATION

13.1 Termination for Default

If one party is in default of any obligation contained in this Agreement, that default has continued for not less than 14 days, the non-defaulting party serves upon the defaulting party notice in writing requiring the default to be remedied within 30 days of the date of such notice, or such greater number of days as the non-defaulting party may in its discretion allow; and the defaulting party fails to remedy the default within 30 days after such notice, the non-defaulting party may immediately terminate this Agreement by notice in writing to the defaulting party.

13.2 Termination does not Affect Prior Rights or Obligations or Accrued Rights

(a) The termination of this Agreement by any party shall not relieve the other party from performing all obligations which:

- (i) fell due to be performed before the effective termination of this Agreement, or
- (ii) fall due to be performed as a result of that termination.

(b) The termination of this Agreement will not affect any rights which accrue to any party before the termination, or which arise connected with the termination, which are preserved.

14. SERVICE OF NOTICES

All notices and other communications permitted or required by this Agreement will be in writing to the parties at their respective addresses first set out above, or to such other address as a party may subsequently specify by notice, and will be deemed to have been received (1) upon delivery in person; (2) upon the passage of seventy-two (72) hours following post by first class registered or certified mail, return receipt requested, with postage prepaid; (3) upon the passage of twenty-four (24) hours following post by overnight receipted courier service; or (4) upon transmittal by confirmed e-mail or facsimile, provided that if sent by e-mail or facsimile a copy of such notice will be concurrently sent by certified mail, return receipt requested and postage prepaid, with an indication that the original was sent by e-mail or facsimile and the date of its transmittal.

15. GENERAL

15.1 No Assignment by or Sub-Contracting by the Licensee

The Licensee must not assign, sub-contract, or transfer, any of its rights or obligations in this Agreement to any person, without the prior consent in writing of the Licensor, which the Licensor must not unreasonably withhold.

15.2 Relationship between the Parties

(a) The relationship between the parties is that of licensor and licensee, and nothing shall be construed or interpreted to make one party the agent, partner, joint venturer or representative of the other.

(b) Neither party may at any time, without the prior written consent of the other act as or represent that it is the agent, partner, joint venturer or representative of the other.

15.3 Further Assurance

Each party must on demand by another party perform all such acts and execute all such agreements, assurances and other documents and instruments as that party reasonably requires either to perfect the rights and powers afforded, created or intended to be afforded or created by this Agreement or to give full force and effect to, or facilitate the performance of, the transactions provided for in this Agreement.

15.4 Counterparts

This Agreement may be executed in separate counterparts, and all those counterparts together constitute one agreement.

15.5 Legal Costs

Each party shall be responsible for its own legal fees and costs in connection with the preparation, negotiation and execution of this Agreement.

15.6 Warranty of Authority

Where this Agreement is signed by a person for and on behalf of a party to this Agreement, that person:

- (a) warrants that the person is the authorised agent of that party with express authority to enter into and sign this Agreement for and on behalf of that party, and thereby to bind that party to the obligations upon that party contained in this Agreement; and
- (b) acknowledges that the other party to this Agreement would not have entered into this Agreement but for the warranty of authority contained in paragraph (a).

15.7 Whole Agreement

The parties acknowledge that solely in relation to the subject matter of this Agreement this Agreement merges all discussions between the parties, up to the date of this Agreement, the whole of the agreement between the parties is contained in this Agreement, and there are no agreements, understandings, other terms whether express or implied, or collateral agreements in force or effect between the parties that are not contained in this Agreement.

15.8 Variations

No variation to this Agreement shall be binding upon the parties unless that variation is in writing, and is signed by all the parties to this Agreement.

15.9 Waiver

- (a) No failure or delay of any party to exercise any right given pursuant to this Agreement or to insist on strict compliance by any other party of any obligation in this Agreement shall constitute a waiver of any party's rights to demand exact compliance with the terms of this Agreement.
- (b) Waiver by any party of any particular default by any other party shall not affect or prejudice each party's right in respect of any prior or subsequent default of the same or of a different nature.
- (c) Any delay or omission by any party to exercise any right arising from any default shall not affect or prejudice that party's right in respect to such a default or any subsequent default or the continuance of any default.
- (d) Any waiver shall be an effective waiver only if the waiver is expressly set out in writing and signed by the party making the waiver.

15.10 Applicable Law

(a) The parties agree that this Agreement is made and entered into in ^{*229} and shall be construed according to the laws thereof.

(b) The parties agree to submit themselves to the non-exclusive jurisdiction of the laws in force for the time being in *.

15.11 Severance

If it is held by a court that any part of this Agreement is or would be void, voidable, illegal or unenforceable, or the application of any part of this Agreement to any person or circumstances is or may become invalid or unenforceable, that part shall be severable and shall not affect the continued operation of the remaining terms of this Agreement.

SIGNATURE PAGE FOLLOWS

²²⁹ Insert the state, province or country that the parties agree to be the governing law for this Agreement.

SIGNATURES OF PARTIES

SIGNED
for THE LICENSOR
in the presence of

)
)
)
)

Signature

Signatory print full name

Signature of witness

Witness print full name

Date _____

SIGNED
for THE LICENSEE
in the presence of

)
)
)
)

Signature

Signatory print full name

Signature of witness

Witness print full name

Date _____

SCHEDULE 1: JOINT IP

1.

SCHEDULE 2: JOINT TECHNOLOGY²³⁰

Outline jointly-owned Technology.

²³⁰ Delete this Schedule if no Technology is licensed.

SCHEDULE 3

LICENSED IP

SCHEDULE 4

LICENSED TECHNOLOGY

GUIDELINES 03 - RIGHTS OF FIRST NEGOTIATION AND OPTIONS TO NEGOTIATE

1. INTRODUCTION

1.1 Purpose of Guidelines

These Guidelines accompany the templates for the:

1. Material Transfer Agreement - Commercial, and
2. Research Agreement

and are intended to assist in the use of those template agreements.

2. WHAT ARE RIGHTS OF FIRST NEGOTIATION AND OPTIONS TO NEGOTIATE?

2.1 First in Line Rights

A right of first negotiation to be granted a license can be described as first in line rights. If an owner of intellectual property elects to grant a license, it must first offer the license to the holder of the right of first negotiation. An option for a license requires the owner of intellectual property to negotiate if the party given the option exercises it. Thus, the difference between the two is which party controls whether negotiations commence.

An option to negotiate for a license would be a first in line right if it were an exclusive option or an option for an exclusive license. Since there is no limit on the number of nonexclusive licenses an intellectual property owner may grant, that owner could grant multiple options to negotiate for a nonexclusive license. It is important, therefore, to carefully define the option or the optional license if the parties intend it to grant a first in line right.

That is, when these rights are granted by an owner of intellectual property to a prospective licensee, the parties:

- (a) wish to defer the negotiation of a license to a later time, and
- (b) agree nevertheless that the prospective licensee stands in a preferential position to be granted a license, before anyone else.

There are numerous other approaches to granting a party some contingent preferential position. A right of first refusal, for example, gives a party the right to accept or refuse a deal the terms of which are fixed. This places the IP owner at a disadvantage. The other party's right will interfere with negotiations with a third party. Either the IP owner and third party negotiate a deal which first must be offered to the other party, or the other party refuses a deal and IP owner cannot grant a third party any better terms than those refused by the other party. In material transfer agreements and research agreements, universities normally grant either an option for a license or a right of first negotiation. The latter is not the same as a right of first refusal.

A right of first negotiation and an option to negotiate can differ in terms of the license to be granted. In a right of first negotiation, the potential licensee has no right to a license unless the owner decides to offer one, and then the scope of the potential license is determined by what the owner is willing to offer. While negotiations will follow exercise of the right of first negotiation, the owner can decline terms that materially deviate from what it offered.

An option to negotiate gives the potential licensee the power to decide whether it wishes to negotiate for a license and can be more open ended in terms of license scope. An exclusive option for a license means the owner will not negotiate with anyone else until after concluding

negotiations with the party granted the option. Unless the agreement defines the scope of the potential license, the parties are free to negotiate any terms. An option for an exclusive license is effectively an exclusive option because the owner could not grant a license to another while there was an outstanding option for an exclusive license.

In both a right of first negotiation and an option to negotiate a license, the scope of the license—at least in broad terms—can be specified in the agreement. The agreement could specify an exclusive or nonexclusive license, field of use or territorial limitations, or types or range of consideration.²³¹ It can be in both parties' interest to define the boundaries of the optional negotiation.

While in concept a right of first negotiation and an option to negotiate are different, in practice they are often used interchangeably. See, for example, the following sample provisions.

The University (or research organisation) grants to the Company a right of first negotiation for an exclusive, worldwide license to commercialise the Intellectual Property.²³² The Company may exercise the right of first negotiation by written notice received by the University (or research organization) no later than three months after the date the Final Report is given to the Company, otherwise the right of first negotiation lapses. If the Company exercises the right of first negotiation, the parties will negotiate in good faith the commercial terms²³³ of the license to be granted by the University (or research organisation) to the Company. The parties will negotiate the terms of a license in good faith for 90 days after exercise of the right. If the parties have not reached agreement on expiration of the 90-day period, absent agreement to extend the period, the right will expire and no license will be granted.

The University (or research organisation) grants to the Company an option to negotiate for an exclusive, worldwide license to commercialise the Intellectual Property. The Company may exercise the option by written notice received by the University (or research organization) no later than three months after the date the Final Report is given to the Company, otherwise the option lapses. If the Company exercises the option, the parties will negotiate in good faith the commercial terms of the license to be granted by the university (or research organisation) to the Company. The parties will negotiate the terms of a license in good faith for 90 days after exercise of the option. If the parties have not reached agreement on expiration of the 90-day period, absent agreement to extend the period, the right will expire and no license will be granted.

The sample provisions illustrate important aspects of any such deferred negotiation grant. First, either provision requires a term within which the prospective licensee must exercise the right or option granted. Without a term, the right or option could continue indefinitely. Similarly, each provision imposes a time limit for negotiations. Indefinite negotiations do not serve either party's interests, but the limit is sometimes omitted because of the perception that it gives one party or the other leverage in the negotiations. Obviously, if the parties are acting in good faith, the time limit for negotiations gives no leverage since, if an agreement is seen as possible, the parties will agree to extend the time.

Since, strictly speaking, a right of first negotiation depends on the intellectual property owner first deciding to grant a license, the mere grant of a right of first negotiation may be considered an implied offer by the owner to the prospective licensee which must be accepted within the specified time period. Because of this confusion, practitioners frequently draft a right of first

²³¹ Most owners will be reluctant to include consideration terms in an option, but in some cases the parties will negotiate a range of consideration, such as, royalties will be between 2% and 6% of net sales.

²³² Words or phrases with initial capitals are assumed to be defined elsewhere in the agreement.

²³³ "Commercial terms" are often used by universities to distinguish the terms of a research agreement.

negotiation provision, as in the foregoing sample provision, as if the owner made an offer just by granting the right in the first place. Hence, in practice, the two provisions are quite similar. If an owner wishes to forestall negotiations, the right of first negotiation provision could be as follow:

The University (or research organisation) grants to the Company a right of first negotiation for an exclusive, worldwide license to commercialise the Intellectual Property. If the University (or research organisation) elects to grant a license to commercialise the Intellectual Property, it will give Company written notice of that election. The Company may exercise the right of first negotiation by written notice received by the University (or research organization) no later than 30 days after such notice is received by the Company, otherwise the right of first negotiation lapses. If the Company exercises the right of first negotiation, the parties will negotiate in good faith the commercial terms of the license to be granted by the University (or research organisation) to the Company. The parties will negotiate the terms of a license in good faith for 90 days after exercise of the option. If the parties have not reached agreement on expiration of the 90-day period, absent agreement to extend the period, the right will expire and no license will be granted.

In addition to specifying a term during which the right or option must be exercised, the provision must specify how the right or option can be exercised. Usually, this is merely a written notice received by the owner within the term of the right or option. This can be more complicated, such as specifying the method of delivery of the notice.

2.2 Material Transfer Agreement with Company

A right of first negotiation for a license and an option to negotiate a license are not unusual in a material transfer agreement where material is provided by a company to a university or research organisation.

The following example is an illustration of such use

A company owns a compound and associated intellectual property. A university or research organisation wishes to use the compound to enable a defined research program. The company is willing to provide the compound to the university or research organisation because the research by the university or research organisation may add value to the company's existing intellectual property, and may lead to valuable new intellectual property. But, the company also realises such new intellectual property owned by the university or research organisation might be an obstacle to the company's ability to commercialise the compound. The company, therefore, may need a license from the university or research organisation to the new intellectual property.

Both the company and the university or research organisation realise that negotiating for a license at the outset of the arrangement will be difficult, if not impossible. The parties would have to speculate on the nature and scope of the new intellectual property and on its value in order to reach agreement at the outset. Moreover, some universities under applicable law cannot grant rights in intellectual property before it exists.

2.3 Research Agreement with Company

A right of first negotiation for a license and an option to negotiate a license are not unusual in a sponsored research agreement where a company provides research funding to a university or research organisation for particular research. In most such agreements, the university or research organisation will own the intellectual property arising from the research. The company, having funded the research, will want a license under such intellectual property or at least the right to decline a license.

For the reasons discussed above, neither party will be able to negotiate a license at the outset of the sponsored research program. The sponsored research agreement, therefore, usually will grant the company a right to evaluate any intellectual property arising from the research and a right of first negotiation or an option for a license.

2.4 Obligation to Negotiate v. Obligation to Reach Agreement

An obligation to negotiate does not require the parties to reach agreement. As in any negotiation, the parties may have different interests requiring compromise before agreement. Sometimes, the parties cannot agree and the negotiations fail. The obligation imposed by exercise of a right of first negotiation or an option is to negotiate in good faith; there is no guarantee the parties will reach agreement.

What then is an obligation to negotiate in good faith? It is an obligation to participate in the negotiation process with the desire and intent to reach agreement, to explore where common ground and consensus can be found. But, it is not an obligation upon either party to actually find the common ground. As with all negotiations, no agreement is sometimes better than a bad agreement.

3. WHAT ARE THE LEGAL CONSEQUENCES OF THESE OBLIGATIONS?

3.1 Legal Questions Posed

A number of legal questions arise in relation to these rights of first negotiation and options to negotiate for a license, and the obligation to negotiate that arises.

- (a) Is a party in breach if it declines to negotiate at all?
- (b) Is a party in breach if it participates in a negotiation but does not agree with the other party's proposals?
- (c) Is a party in breach if it breaks off negotiations?
- (d) If a party is in breach, is it liable to pay damages to the other?
- (e) If it is liable to pay damages, how are damages assessed?

3.2 The Answer to These Questions Depends on the Applicable Law?

If two parties that agree upon a right of first negotiation or an option to negotiate for a license are located in the same country or state, then the laws of their country or state will apply in answering these questions. But, if the parties are in different countries or states, uncertainty will exist as to how the right of first negotiation or option will be construed. For this reason, it is good practice to include a choice of law provision by which the parties agree on the applicable law.

Since parties may not include a choice of law provision or cannot agree on one, an understanding of how various countries treat the obligations arising under a right of first refusal or option provision is important.

3.3 Countries to be Considered

The laws in each country will generally take one of the following approaches in answering these questions:

1. Obligations to negotiate are void and legally unenforceable.

The law in the United Kingdom will be looked at to illustrate this approach, and countries following this approach will be mentioned.

2. Obligations to negotiate are valid and legally enforceable.

The law in the United States will be looked at to illustrate this approach, and countries following this approach will be mentioned.

3. Obligations to negotiate were void and unenforceable, but the law has evolved to make them valid and enforceable.

The law in Australia will be looked at to illustrate this approach, and countries following this approach will be mentioned.

3.4 United Kingdom

In the United Kingdom, the law has always regarded an agreement to negotiate as an agreement to agree, which is therefore unenforceable.

Suppose Person A states to Person B:

“I agree to sell you my car for a price that we will negotiate in good faith next week”

If Person A next week refuses to sell the car, has Person A breached obligations to Person B?

In the United Kingdom, the law has always taken the approach that a binding contract, to be binding, must not leave anything to be agreed upon later. If a contract left something unaddressed, to be agreed upon later, such as the price of the car in this example, then it must follow that there was no agreement. There might be an agreement later if the price were agreed to later, but there was no legally binding and enforceable agreement as originally drafted. In the United Kingdom, this is described as an agreement to agree, and is void.

One reason for declaring such agreement void is the difficulty of assessing or quantifying damages for breach. How can a court assess the probability of the two parties reaching agreement, on price in the example? Were they so close that the probability was high? Or, were they so far apart that the probability is so low? If so, how low? Should the assessment of damages assume that the contract would have lasted a long time, or a short time? And what probability should be allocated to that?

Countries that follow the approach in the United Kingdom, generally, are countries that are former colonies whose legal system is based upon the United Kingdom's legal system, including:

1. Australia (subject to later comments)
2. South Africa, Botswana, Zimbabwe, and other African countries
3. Hong Kong
4. India
5. Malaysia
6. New Zealand
7. Pakistan
8. Singapore.

3.5 United States

In the United States takes a different view. A distinction is made between two separate contracts: the contract to negotiate a license, and the license itself.

In the United States, if two parties submit to an obligation to negotiate in good faith, the law can judge whether the parties have conducted themselves in a manner that is consistent with discharging those obligations, or whether they have not. The obligation to negotiate in good faith requires the parties to continue their negotiation until they reach consensus, or have reached an impasse. Good faith also requires a party to inform the other party if there are competing negotiations underway.

If the obligation to negotiate is breached in the United States, courts can award reliance damages, or expectation damages. Reliance damages compensate a party for the expenses it incurred in reliance upon the obligation to negotiate being discharged by the other party. It will compensate for legal expenses and travel expenses for example. It will also compensate for any opportunity cost associated with missed opportunities. But, it will not compensate for the loss of potential profit. Expectation damages, on the other hand, compensate for lost profits. Courts in the United States infrequently award expectation damages, given the uncertainties of assessing the probability of whether the negotiation would have resulted in a concluded agreement. But, where a court is persuaded that this was probable, expectation damages can be substantial.

European countries (other than the United Kingdom) tend to follow the same approach as the United States.

3.6 Australia

Australia is a former colony of the United Kingdom and had always adopted the same approach as the United Kingdom.

But in more recent decades Australia has moved from the approach in the United Kingdom, to the approach in the United States, where in a number of cases the United States approach has been consistently applied.

4. RISKS ASSOCIATED WITH THESE OBLIGATIONS

If an obligation to negotiate a license, arising either under a right of first negotiation or an option to negotiate, is subject to the laws of a country where it is enforceable, important risks arise if the obligation to negotiate in good faith is not discharged. The risk of reliance damages or expectation damages can present a problem for risk averse universities or research organizations. Such an entity may also be sensitive to risk of harm to its image or reputation, such as through public allegations of bad faith.

The express or implied contention that a university or research organisation is not negotiating in good faith may cause it to compromise on an agreement term that may be contrary to its interest. Such risk-averse entities should consider ways to manage the risk associated with assuming an obligation to negotiate in good faith.

While various mechanisms may be employed to lessen or minimise risks, no mechanism will eliminate all risks, and some mechanisms inherently have their own risks.

One way to manage the risk is to frame the obligation to negotiate within defined parameters.

For example, the parties in the agreement or in an attached term sheet may define boundaries to the negotiation. For example, the parties can agree that the optional license will be exclusive, will be limited to a defined field of use, and the consideration will be within a prescribed range. If, during the negotiations, a party tries to cross the boundary, it may be considered bad faith. Of course, the other party may permit the deviation and use it to get something for itself outside the boundary.

As mentioned above, the boundary to the optional negotiations also may be a time limit in which to conclude negotiations.

Adopting such boundaries to the negotiation does not eliminate risk. For example, if one party presents a reasonable reason for having to negotiate outside the boundaries, the other party could be accused of bad faith for refusing to agree to the deviation. Where there is a time limit on negotiations, either party can be accused of bad faith in prolonging negotiations.

Another risk management technique is to negotiate all or most of a license at the outset and attach it to the research funding agreement. The option would be to accept or reject the entire agreement, leaving little or nothing to negotiations. This approach, since it requires a considerable investment of time and effort before any results are obtained, may only be useful where the company will invest a considerable amount in the research program or where the outcome of the research is sufficiently predictable to determine the value of the research result.

5. CONCLUDING COMMENTS

As with all commercial matters, there are always risks to each party, and all risks cannot be eliminated. But, with careful management, the risks can be accepted. Acceptance of some risks associated with granting a right of first refusal or an option to negotiate for a license makes possible material transfer and research agreements that otherwise would be commercially unreasonable for a commercial company.

GUIDELINES 04 - IMPLICATIONS OF JOINT OWNERSHIP OF INTELLECTUAL PROPERTY

1. INTRODUCTION

1.1 Purpose of Guidelines

These Guidelines accompany the templates for the:

1. Material Transfer Agreement - Commercial, and
2. Research Agreement

and are intended to assist in the use of those template agreements.

2. HOW JOINT OWNERSHIP OF INTELLECTUAL PROPERTY ARISES

2.1 Research Agreement

The first type of agreement where joint ownership of intellectual property can arise is under a research agreement. In each form of research agreement—Contract Research, Sponsored Research, Collaborative Research—each party contributes to the result. Even where one party just pays for research conducted by the other party, the paying party has an expectation which may be ownership or joint ownership of intellectual property arising from the research.

The parties are often drawn to joint ownership of the intellectual property because it sounds equitable. The parties, however, rarely appreciate the complex legal consequences of joint ownership of intellectual property.

2.2 Material Transfer Agreement

The second type of agreement where joint ownership of intellectual property can arise is under a material transfer agreement. One party may provide biological (or non-biological) material to the other for a research purpose. That one party believes the other party's research would not have been possible without the transferred material. The one party, therefore, has an expectation of return, often in the form of joint ownership of any intellectual property arising from the research.

2.3 When There is No Agreement

Joint ownership arises by law where two or more parties contribute to an invention or an original work of authorship. Under patent law, for example, joint inventors, absent some assignment by them, will be joint owners of the patent. Where such inventors are employed by the same employer, the employer may be the sole owner of the patent, but if the joint inventors are employed by different employers, the latter would be joint owners.

3. THE IMPLICATIONS OF JOINT OWNERSHIP OF INTELLECTUAL PROPERTY

Regardless of how joint ownership of intellectual property is created—by agreement or by law—the applicable law will determine the rights of the joint owners unless an agreement modifies those rights. Joint owners may agree at any time to modify their respective rights, but where an agreement creates joint ownership, such as by allocating ownership of future inventions made during research, that agreement should address the legal implications of the anticipated joint ownership.

Without an agreement defining the rights of joint owners, the law of the country under which the intellectual property exists will define those rights. It is important, therefore, to know the law of joint ownership in each country in which a patent or copyright may issue.

Since we cannot consider the individual laws of every country, we will focus on the laws in the United States and the United Kingdom in relation to the joint ownership of patents and copyrights. Generally, the joint ownership laws of other countries will follow those of either the United States or the United Kingdom.²³⁴

4. IMPLICATION OF JOINT OWNERSHIP: PATENTS

4.1 The Laws of Patent Joint Ownership

In the United States and the United Kingdom, joint ownership laws governing patents answer the following three critical questions in quite different ways:

Question	United States	United Kingdom
Can a joint owner of a patent exploit the patent without the consent of the other joint owner, and without accounting to the other joint owner for any of the profits from doing so?	Yes 35 USC 262	Yes Section 36(2)(a) Patents Act 1977
Can a joint owner of a patent assign its interest in the patent without the consent of the other joint owner?	Yes 35 USC 261	No Section 36(3) Patents Act 1977
Can a joint owner of a patent grant a license of the patent without the consent of the other joint owner?	Yes Schering Corp v Roussel 104 F.3d 341 (Fed. Cir. 1997)	No Section 36(3) Patents Act 1977

The laws of most countries, generally, are aligned with the law in the United Kingdom on these three questions. Thus, in most countries, including the United Kingdom and the United States, a joint owner can practice the invention of the jointly-owned patent without the consent of other joint owners, and that joint owner may retain all the profits from doing so, without sharing those profits with or paying a royalty to other joint owner. Practicing the jointly-owned patent is different from conveying rights to a third party to practice the patent.

A joint owner of a patent can assign its interest in a US patent to a third party, without the consent of the other joint owners, but needs the consent of the other joint owners to assign its interest in the jointly-owned UK patent.

A joint owner of a patent may grant a license under the jointly-owned US patent to a third party without the consent of the other joint owner, but needs the consent of the other joint owner to license the jointly-owned UK patent.

Why such a difference and lack of harmonization, in an area where by and large harmonization is sought? It arises from two opposite but equally tenable perspectives.

In the United States, it is intended to protect the interests of each individual joint owner. Without an agreement among joint owners, each joint owner may enjoy the benefits of the patent without the consent of and without accounting to the other joint owner. Thus, a jointly-owned

²³⁴ For a review of joint ownership laws in Australia, Austria, Brazil, Chile, Czech Republic, Germany, India, Israel, Malaysia, Spain, Turkey, United Kingdom and the United States, see *les Nouvelles*, December 2012, a publication of the Licensing Executives Society International, www.lesi.org.

patent is more likely to be exploited, either directly or by license, for the benefit of society than if permission of multiple joint owners were required before the patent could be exploited in any way.

In the United Kingdom, the law protects the interests of all joint owners. Each is permitted to practice the patent without accounting to the other joint owners, but no joint owner may convey its rights, by assignment or license, to a third party without approval of all joint owners. This prevents one joint owner from using the capacity of a third party to exploit the patent without the cooperation of the other joint owners.

Two other legal principles need to be addressed under United States law. First, while a joint owner may grant a nonexclusive license without permission of the other joint owners, a joint owner cannot grant an exclusive license. An exclusive license is generally a promise from the licensor not to grant more licenses and not to practice under the patent, but since other joint owners would be able to practice the patent and to grant nonexclusive licenses, a joint owner cannot convey exclusive rights under the patent. Nothing prevents a joint owner from conveying exclusive rights under that joint owner's interest, meaning that joint owner will not grant other licenses or practice the patent, but is not an exclusive license under the patent. Under United Kingdom law, and those countries with similar laws, a joint owner could grant an exclusive license because all joint owners would have agreed.

Second, the United States courts will not permit a joint owner to enforce a jointly-owned patent without the permission of all joint owners.²³⁵ Since a patent is a statutory right to exclude others from practicing the invention, the basic right of a patent owner is denied a joint owner unless all joint owners agree. This derives not from the patent law, but from a judicial principle requiring all parties having an interest in the patent to be present in the court for any enforcement action. This prevents each joint owner from separately suing for the same infringement.

4.2 Agreement Provisions to Manage Joint Ownership of Patents

Joint owners may agree among themselves how to handle their respective rights. By contract, they can grant one of them the right to exploit, by practice, by license or both, in consideration for royalties or some share of revenue. This would comply with the UK law that requires all joint owners to consent to licensing. Such an agreement could also convey to the selected joint owner the right to grant an exclusive license. In the U.S., it is common for the joint owners by agreement to appoint one joint owner as their agent for enforcing the jointly-owned patent; such an agreement often provides for sharing of costs and damages of recovered.

In research, material transfer and collaboration agreements, the parties need to anticipate and address the potential for joint ownership of patents. As discussed above, it is easy for the parties to these types of agreements to agree that some or all results will be jointly owned. Also, in joint research, joint inventions may arise through joint efforts of employees of both parties. In both cases, the agreement needs to anticipate joint inventions. The following is a list of issues to be addressed:

1. How the parties decide to file for patents on joint inventions?
2. How do the parties manage and control the process for obtaining jointly-owned patents?
3. Who pays the costs of obtaining and maintaining a jointly-owned patent?

²³⁵ See *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456 (Fed. Cir. 1998).

4. What rights will each party have under a jointly-owned patent?
5. In the U.S., how will the parties decide to enforce a jointly-owned patent?

These various issues are interrelated and difficult to agree on during negotiation of the agreement. The parties can agree that all inventions made during the research will be jointly owned, but in advance of the existence of such inventions, the value of such inventions is unknown.

In some research collaboration agreements, the parties establish a joint committee to decide on which inventions to seek patent protection and which party will control that process. If the parties have diverse interests, each party may wish to control the patent process. This is often solved by giving one party control and the other party the right of review and input to the process.

If the parties have equal rights under all jointly-owned patents, equal sharing of costs seems logical, but frequently a party wants a process by which it can relieve itself of the costs if it determines a particular invention is of little value. If a party is permitted to withdraw from cost sharing, the agreement may provide for assignment of its interest in the patent to the party which continues to bear the costs.

Normally, where the agreement allocates joint ownership to the resulting inventions, its terms should replace or define the applicable law with contractual provisions. Thus, the parties may agree that each joint owner will be free to practice the jointly-owned patents, a restatement of the applicable law in most cases. But, the parties may also agree that each party may license third parties under jointly-owned patents with or without sharing royalty revenue. This advance permission to license others meets the requirements of laws patterned after the UK law, but is unnecessary under US law. But, often the parties wish to restrict, not enhance, the parties' rights to license third parties.

An invention made under a joint research agreement may give one or both parties a competitive advantage in the market place. If both have exploitation capability, each will be able to manufacture, market, and sell under the jointly-owned patent. While this means they will compete, neither party wants to give the other a right to license third parties since that would increase the number of competitors. Sharing of royalties received usually does not offset harm from competition.

Where one party has worldwide manufacturing and marketing capability (Owner A) and the other party does not have any manufacturing or marketing capability--it may be an SME, or a start-up company, or a university or a research organisation (Owner B)—their respective ability to exploit the jointly-owned patent may conflict. Unless Owner A shares in its profits from or pays royalties on sale of the patented product, the only way Owner B can benefit from joint ownership is through licensing a third party. This, however, may create a competitor for Owner A. For this reason, Owner A would be reluctant to permit Owner B a free right to license third parties, particularly at the inception of an agreement where the nature of the anticipated invention is unknown.

Thus, when negotiating joint ownership rights in advance of invention, the parties may elect to restrict the right to license to third parties. Many compromise positions are available depending the parties' respective market positions. For example, Owner A could agree that Owner B can license third parties in territories or fields that do not compete with Owner A. Even that example compromise may be difficult to achieve if Party A is uncertain as to the evolution of its business. Thus, often an agreement will require a joint owner to obtain the other joint owner's approval before it can license a jointly-owned patent. This is more restrictive than US law but consistent with UK law.

The parties to research agreements are rarely equally capable of exploiting a jointly-owned patent that may result. The applicable law may make any imbalance worse. It is better for the parties to address their respective rights in an agreement than to rely on applicable law.

5. IMPLICATION OF JOINT OWNERSHIP: COPYRIGHT

5.1 The Laws of Copyright Joint Ownership

In the United States and the United Kingdom, joint ownership laws governing copyright answer the following three critical questions, again, in quite different ways:

Question	United States	United Kingdom
Can a joint owner copyright exploit (copy / reproduce) the copyright work without the consent of the other joint owner, and without accounting to the other joint owner for any of the profits from doing so?	Yes <i>Oddo v. Ries</i> , 743 F.2d 630, 633 (9 th Cir.1984)	No <i>Cescinsky v George Routledge & Sons Ltd</i> [1916] 2 KB 325
Can a joint owner of a copyright work assign its interest in the copyright work without the consent of the other joint owner?	Yes 17 USC 201(d)	No <i>Powell v. Head</i> [1879] 12 Ch. D. 686
Can a joint owner of a copyright work grant a license of the copyright work without the consent of the other joint owner?	Yes, but the joint owner must account to other joint owner for rateable share of profit: <i>Goodman v. Lee</i> , 78 F.3d 1007, 1012 (5 th Cir. 1996)	No Section 173(2) Copyright, Designs and Patents Act 1988

As with patents, the laws of most countries, generally, are aligned with the law in the United Kingdom, on these three questions. Thus, each joint owner can exploit a computer program in the United States, without the consent of the other to do so, but, in the United Kingdom, neither can exploit, unless they exploit together, or one exploits with the consent of the other.

Each joint owner can assign its interest in the copyright subsisting in the United States, without the consent of the other, but each joint owner requires the other joint owner's consent to assign the copyright subsisting in the United Kingdom.

In the United States, a joint owner can grant a license without the consent of the other, but the joint owner must share with the other any revenue received. Since a joint owner in the United States does not have exclusive rights, it cannot grant an exclusive license without permission of the other owner. In the United Kingdom, any license requires permission of all joint owners.

5.2 Agreement Provisions to Whom It May Concern: Manage Joint Ownership of Copyrighted Works

A jointly-created original work will be jointly owned. And, as discussed above with respect to patents, the parties to a research or collaboration agreement may agree that resulting original works, such as software programs, will be jointly owned. In either event, the parties should address their respective rights under the resulting copyright.

Unlike the patent situation, copyrights arise automatically. Thus, there is no need to address managing and sharing costs of the process for registering a copyright. Since formal registration

may be required for future enforcement, the parties can agree to do so, but again unlike patents, the registration process is not complex or costly.

The agreement needs to address the respective rights of the joint copyright owners, unless, of course, they are willing to accept the uncertainty of the different national copyright laws. Since most applicable laws require joint owner permission to exploit or license the copyright, the collaboration agreement should address such permissions.

The parties may be in different market positions such that one could easily exploit a resulting work (Owner A) while the other could not (Owner B). The law in countries like the UK would leave the Owner A at the mercy of the Owner B. While difficult to negotiate revenue sharing in advance of work creation, Owner A should be given the right to exploit in exchange for royalties or a share of revenue. As to granting licenses under the jointly-owned copyright, both are similarly positioned, but a license grant by Owner B may present a competitive challenge to Owner A. A reasonable compromise may be to allow Owner B to license in areas or territories that do not present competitive challenge to Owner A for a share of royalties. Many other arrangements are possible depending on the position of each party in the marketplace.

6. CONCLUSION

Joint ownership of patents and copyrights present practical problems for the joint owners. If these rights only issued in one country, the joint owners could accept joint ownership and rely on the laws of that country to define their rights and relationship. But, in today's international commerce, obtaining patent and copyright protection in many countries is important. Because the laws of these countries vary, the parties to joint endeavours that may result in inventions or original works must define their rights and relationship in the contract. While such negotiations may be difficult, particularly because the inventions and original works are not yet in being, it may be easier to reach agreement when entering into a joint endeavour than later when the parties may have adverse interests.

GUIDELINES 05 - MATERIAL TRANSFER AGREEMENTS

1. INTRODUCTION

1.1 Purpose of Guidelines

These Guidelines accompany the templates for the:

1. Material Transfer Agreement - Academic, and
2. Material Transfer Agreement – Commercial

and are intended to assist in the use of those template agreements.

2. WHAT IS A MATERIAL TRANSFER AGREEMENT

2.1 Transfer of Possession

The essential characteristic of a Material Transfer Agreement is that one party transfers physical possession of biological (or non-biological) material to another, for agreed purposes.

2.2 Purpose of Transfer of Possession

A Material Transfer Agreement will typically identify the purposes for which the material is transferred.

Those purposes may be:

1. to carry out research
2. to validate and undertake due diligence upon the intellectual property encompassed in the Material.

Use for any other purpose would normally be prohibited.

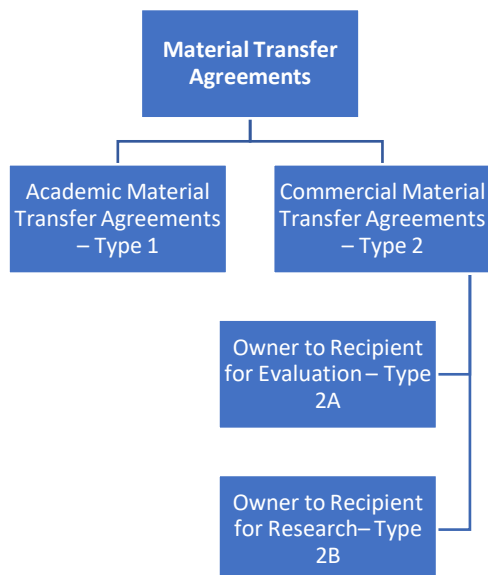
2.3 Types of Material

The material transferred can be biological material, such as a virus, a cell line, a protein, a compound, a mouse model, etc.

It can also be non-biological, such as an alloy, new construction materials, new manufacturing materials, etc.

3. TYPES OF MATERIAL TRANSFER AGREEMENTS

3.1 Types



These different types of Material Transfer Agreements have different characteristics and therefore different contents as well.

3.2 Academic Material Transfer Agreement

The first type is an academic Material Transfer Agreement (Type 1).

It:

1. is normally between two universities or research organisations
2. permits the materials to be used for research purposes
3. is entered into as a service to the research community to enable scientific not for profit research to be undertaken
4. normally will not make provision for the ownership to new intellectual property arising from the recipient's research, with the result therefore that the recipient will be the owner of that new intellectual property
5. normally will not make provision for the disclosure of confidential information.

See Document D: Material Transfer Agreement – Academic.

3.3 Commercial Material Transfer Agreement

The second type is a commercial Material Transfer Agreement.

It can be used on two quite different occasions:

1. Type 2A:

- (a) an Owner of material (company, university or research organisation)

- (b) provides its material to a company
- (c) normally accompanied by confidential information
- (d) for the Recipient to validate and undertake due diligence upon the intellectual property encompassed in the material,
- (e) with a view to the Recipient afterwards, if it is so interested, seeking a license of the intellectual property encompassed in the material, for commercialisation.

2. Type 2B

- (a) an Owner of material (typically a company)
- (b) provides its material to Recipient (another company, a university or research organisation)
- (c) normally accompanied by confidential information
- (d) to carry out research which will lead to new intellectual property,
- (e) where the Owner seeks to
 - (i) own that new intellectual property or
 - (ii) have a right of first refusal or an option to negotiate a license of that new intellectual property.

4. TERMS OF A TYPE 1 MATERIAL TRANSFER AGREEMENT - ACADEMIC

A Type 1 Academic Material Transfer Agreement being for the purpose of a service to the research community, typically has very few terms, and is quite short.

It will deal with:

1. the provision of the material
2. its use for research as the permitted purpose
3. safety of the material
4. not transferring possession of the material to another person
5. not using the material for commercial purposes, or on human subjects
6. using the material in compliance with laws and ethical requirements.

Very often a Type 1 Academic Material Transfer Agreement will be silent on the ownership of new intellectual property arising from the Recipient's use of the material.

In that case, there being nothing to the contrary in the Material Transfer Agreement, new intellectual property will be owned by the Recipient, and the Owner of the material will have no rights to that new intellectual property.

In situations where a Recipient may obtain patents on inventions derived from use of the transferred Material, a non-exclusive, royalty-free license to the Owner solely for research purposes insures that the New IP obtained by Recipient's use of the Material cannot be used to prevent research by the Owner.

In relation to the governing law of a Type 1 Academic Material Transfer Agreement see section 9 of the Guidelines on Confidentiality Agreements.

5. TERMS OF A TYPE 2 MATERIAL TRANSFER AGREEMENT – COMMERCIAL

5.1 General

Type 2A and Type 2B Material Transfer Agreements will have the same terms as a Type 1 Academic Material Transfer Agreement (see 4).

In relation to the governing law of a Type 2A and Type 2B Material Transfer Agreement see section 9 of the Guidelines on Confidentiality Agreements.

5.2 Confidential Information

Additionally a Type 2A and Type 2B Material Transfer Agreement will typically make provision for Confidential Information to be disclosed by the Owner of the Material, to the Recipient.

The provisions dealing with Confidential Information are the same as those contained in the template Confidentiality Agreement. The Guidelines that apply to the template Confidentiality Agreement are equally applicable here.

5.3 Ownership of New Intellectual Property

Additionally, a Type 2A and Type 2B Material Transfer Agreement will deal with the question of ownership of new intellectual property created by the Recipient with the use of the Material.

The template Material Transfer Agreement – Commercial identifies three separate clauses to deal with the ownership of new intellectual property created by the Recipient with the use of the Material:

1. New intellectual property will be owned by the Owner of the Material, notwithstanding that it may have been created by the Recipient.

This option might be selected by the Owner of the Material when it assesses that

- i. it is as equally capable as the Recipient to create the anticipated new intellectual property,
- ii. if the Recipient owns new intellectual property derived from the Material, it may present an obstacle to Owner's exploitation of the Material and Owner's existing intellectual property, which the Owner was equally capable of having created.

If that assessment is made, the Owner may be unwilling to provide its Material to the Recipient on any basis other than that the Owner, not the Recipient, will own new intellectual property created by the Recipient with the use of the Material.

2. New intellectual property will be owned by the Recipient of the Material.

If the considerations in number 1 above do not apply, it would normally be expected that a Recipient would own the intellectual property that it has itself created, without being unfairly required to divest itself of ownership of intellectual property that it has itself created.

3. New intellectual property will be jointly owned by the Owner and the Recipient.

The Owner and Recipient may agree to his option where they may have a collaborative relationship where joint ownership of new intellectual property created by the Recipient is the most comfortable option for them.

There are many considerations to be borne in mind if this option is considered. See the Guidelines on The Implications of Joint Ownership of Intellectual Property.

One of the three alternative versions of the clause dealing with ownership of intellectual property needs to be selected, with the other two being deleted.

5.4 Rights of First Refusal to Negotiate a License or Option to Negotiate a License

Where new intellectual property created by the Recipient will be owned by the Recipient, either wholly, or jointly with the Owner (alternatives 2 and 3 in section 5.3), it is not unusual for the Owner to seek a right of first refusal for a license to the new intellectual property, or an option to negotiate a license to the new intellectual property.

In each case, a right of first refusal for a license to the new intellectual property, or an option to negotiate a license to the new intellectual property, creates a complex relationship between the Owner and the Recipient. See the Guidelines on Rights of First Refusal and Options to Negotiate a License.

GUIDELINES 06 - RESEARCH AGREEMENTS

1. INTRODUCTION

1.1 Purpose of Guidelines

These Guidelines accompany the four Research Agreement templates, and is intended to assist in the use of those template agreements.

1.2 Words Employed

Capitalised words and phrases employed in these Guidelines have the same meaning as in the Research Agreement templates.

2. FOUR TEMPLATE RESEARCH AGREEMENTS

There are four research agreement templates dealing with quite different types of research relationships, and therefore containing very different terms (although there are also many terms that are similar). The correct template needs to be used on each different occasion.

Before addressing the four agreement templates supplied with these Guidelines, it is appropriate to discuss a fifth template used in the European Union and other regions and countries. Consortium-based research collaborations are used when multiple entities are needed to contribute to a research program that receives government funding. Using this approach, various companies and universities enter into a research collaboration directed to a specific topic. The collaborating entities pool their assets, including background IP. Commercialization of the result is achieved by giving the commercial participants access to the research results. Templates for these research consortium agreements are available from the EU or other funding sources.

The major differences between the four research agreement templates accompanying these Guidelines and the standardised research consortium agreement are summarised in Table 1, and described below. These Guidelines do not discuss the consortium agreement in any greater detail; the governments and funding agencies should be contacted for information about such agreements.

TABLE 1

A	B	C	D	E	F	G	H
Type of Research Agreement	Who does the research?	Research Funds paid to University	Ownership of New IP arising from the research	Right of first refusal or option to negotiate a license to New IP granted to company	Responsibility for patenting	Responsibility for Commercialisation	Ability to publish
Contract Research Agreement (university and company)	University Research is often limited to analytic activities using university equipment.	Research funds include full cost recovery of direct salary costs etc, indirect infrastructure costs, as well as a commercial profit	The company, since it has paid all costs, including a profit component, for the Project IP. What it has paid is truly "the price", so it should own the Project IP	As the company owns the Project IP (see D1), not applicable.	As the company owns the Project IP (see D1), not applicable.	As the company owns the Project IP (see D1), not applicable.	As the company owns the Project IP (see D1), normally the company would seek the right to stop all publications. But, the university may to negotiate the Model described in H2.
Sponsored Research Agreement (university and company)	University only	Less than C1, as negotiated	Given that less than "the price" has been paid, the university should own the New IP. But would operate subject to the obligations described in E2	Yes	Up to the time that the right of first refusal / option to negotiate is granted, responsibility would normally rest with the university, but with the company being consulted, and it paying expenses.	If the company exercises the Right of first refusal or option to negotiate a license, the company. Otherwise, the university.	Normally a managed process to preserve the ability to publish, but at the same time protect the IP, is negotiated

Collaborative Research Agreement (university and company)	University and company both contribute to the performance of the research	Less than C1, as negotiated	There a number of collaboration models dealing with New IP, described on the following pages.	Yes	Same as F2	Same as G2	Same as H2
Collaborative Research Agreement (two universities)	Both universities contribute to the performance of the research	Normally, neither would pay research funds to the other and each would carry out research at its own expense	There a number of collaboration models dealing with New IP, described on the following pages.	Not usual.	Normally, by the universities, in proportion to their ownership.	As the collaborating universities decide	Same as H2
Consortium based research	A consortium of various research groups from different universities	Mix of Public funding (eg. H2020), Universities, SMEs, and Corporates.	Ownership follows inventorship	Explicit IP Regime provides preferred access to members of the consortium. Various models for IP Regimes have been developed.	IP owner, but some IP Regimes may assign that right to a consortium member	IP owner, but the consortium model stimulates the use of IP by the private members of the consortium. Typically, the IP is commercialised by a member of the consortium	Managed process to enable protection of IP prior to publishing. Publishing is never obstructed.

2.1 Contract Research Agreement

This template is suitable for a contract research relationship between a university (or other research organisation) and a company, where the company will pay a full commercial fee for the contracted research. Because the company is paying for the contracted research, normally the company will expect to own and control any Project IP that may arise from the contract research. This would be contrary to the principles of most universities where focus is on using its facilities for the public good and on publication of the results. Universities, therefore, usually only enter into contract research where the contemplated research is more analytic than inventive. For example, a university may own a powerful computer, an atomic absorption spectrometer, a specialized laser or other equipment that a company cannot afford or justify but that may be used to help the company solve a problem or develop a product. Such expensive equipment is not always being used for university research. A contract research agreement with a company may optimize use of the expensive equipment while generating revenue for the university.

Of course, when inventions are conceived cannot be controlled. University staff may conceive of an invention while performing analytic work under the contract research agreement. This is a risk the university may take in agreeing that the company paying for the work will own any inventions that may arise. The risk may be minimized by limiting contract research to routine activities associated with using university equipment on problems or data supplied by the company.

If the company does not supply proprietary information or material to the university and the university activities are merely analytical, the agreement could provide that the company will own data resulting from the analysis and the university will own any invention conceived while performing the analysis. The company paying for the effort may resist such an allocation of results.

Even where the university agrees that the company will own any inventions made during the contract research, the university may negotiate for license to use the inventions in research and for a right of publication. Usually the company will insist on confidentiality, but with a right of prior approval, a company may permit publication. If the scope of work permitted under a contract research agreement is properly limited to analytic activity, there may be a limited desire by staff to publish.

2.2 Sponsored Research Agreement

This template is suitable for a sponsored research relationship between a university (or other research organisation) and a company, where the company will contribute financial or in-kind support for research performed by the university or research organization. Most universities expect to own all Project IP resulting from university research despite a company's funding. In some countries, this is mandated by law, but in most countries, it is a matter of university policy. Even in countries where professor privilege applies, ownership of Project IP is generally decided between the university and the professor and is not conveyed to company sponsors of research.

The company that provides financial or in-kind support for university research will negotiate for some preferential right of access to the Project IP, most likely in the form of a royalty-bearing license. The company may wish to negotiate a license at the time of funding, but most universities and research organizations are reluctant to commit to license terms in advance. Without knowing what the Project IP might be, neither party to a sponsored research agreement can accurately predict its value, and, therefore, the parties are unable to negotiate royalty and other terms.

The university or research organization, in consideration for the funding, may grant the company an option for a royalty-bearing license which can be exercised by the company during a defined period after the research is concluded (Option Period). In most cases, the option is for an exclusive license under any Project IP resulting from the sponsored research. The option provision in the sponsored research agreement should also specify the time after exercise of the option during which the parties are obligated to negotiate (Negotiation Period).

The company may also negotiate for confidentiality in relation to the Project IP. It is appropriate for the university or research organization to agree to a limited period of confidentiality to permit filing for patent protection before disclosure prevents obtaining that protection. For the same reason, the company will wish to prevent publication of Project IP until the university can file for patent protection.

2.3 Collaborative Research Agreement with Company

This template is suitable for a collaborative research relationship between a university (or other research organisation) and a company, where staff of both the university and the company undertake research work together to create Project IP. Because both the university's and the company's staff will contribute to creation of Project IP, some equitable means of allocating ownership of Project IP is needed.

A collaborative research project may or may not involve financial support by the company of the university's research efforts. Even without financial support, the company will provide collaborative research efforts and may provide in-kind support, such as disclosure of the company's existing technology as a starting point for the university's research. Regardless of the contribution by the company, it will expect access to all Project IP regardless of which party may own it. The scope of that access usually is an exclusive option for a license like the option provision in the sponsored research agreement.

As in the sponsored research agreement, the company will want to control disclosure and publication of Project IP at least until patent protection is filed for.

2.4 Collaborative Research Agreement with Two Research Organisations

This Research Agreement template is suitable where two research organisations (such as universities) will each cooperatively conduct research toward a common goal. Because neither party is likely to directly commercialize resulting Project IP and both parties are likely to have similar policies regarding serving the public interest and publishing results, the terms of this template can be significantly different from collaboration with a company.

3. TERMS OF THE RESEARCH AGREEMENTS

3.1 Research Program

It will be critical to carefully define the Research Program to be undertaken under the Research Agreement.

Normally, the Research Program will be a separate document that is attached to the Research Agreement. It needs to be exhaustive, precise and unequivocal. of the Research Program as specified in the Contract or Sponsored Research Agreement will define the university's research obligations, both in terms of direction and scope of effort. In either Collaborative Research Agreement, the Research Program defines the direction and scope of effort of each party, often identifying specific tasks and experiments to be undertaken. Where the parties will collaborate, the Research Program must so define each party's obligations to avoid overlap of effort.

3.2 Milestones

Milestones are events along the timeline that a Research Program is undertaken. They may be administrative events, such as furnishing a report, or obtaining ethics approval or a regulatory approval, or they may be technical events, such as the completion of an experiment that has a specific result.

Milestones will either specify a due date for completion of each milestone, or, where each milestone is predicated on completion of the prior milestone, will specify periods of time from one milestone to the next. Milestones may be used as a means of monitoring the progress of the Research Program used as preconditions for the payment of Research Funds. The former use is often considered a guide that the parties modify as research progresses. The latter use is more rigid and intended to limit the financial risk of the funding party.

Obviously, if the parties do not wish to include Milestones, reference to them in the template Research Agreements should be deleted.

3.3 Key Personnel

Key Personnel are staff members whose participation in the Research Program so critical to one or both parties that if staff members could not participate in the Research Program, and could not be replaced, one or both parties may wish to terminate the Research Program. Where the party employing the Key Personnel is given the opportunity to replace them, the Agreement should require such replacement to have similar qualifications. The Agreement could provide the other party with the right of prior approval of any replacement for Key Personnel.

Obviously, reference to Key Personnel should be removed from the template Research Agreements if there are no Key Personnel.

3.4 Students

Students are not employees of a university, and usually the university does not own the intellectual property that they create. Including students in a Research Program, therefore, could fragment ownership of Project IP and cause the university to breach its obligation to give the other party exclusive rights.

If students are included in a Research Program, they must be required to contractually assign to the university any Project IP they may make during the Research Program. To avoid later challenge of such an assignment, the terms of the contract must be considered fair, not only in terms of consideration, but also to avoid allegations of possible university pressure on students.

Because of the uncertainty associated with obtaining rights in future student Project IP, companies often insist that universities do not use students in performance of Research Programs. Accordingly, the templates for the Contract Research Agreement, Sponsored Research Agreement and Collaborative Research Agreement include a provision that students will not participate in the Research Program, unless the company consents.

In a Collaborative Research Agreement between two research organisations, each would normally presume that the other has managed the participation of their students in the Research Program in a manner that addressed these issues. The template, therefore, does not include a provision excluding students. But, presumption without confirmation can be dangerous. If one university in such an agreement hopes to have the right to exclusively license the collaborations Project IP to a

company, it would be wise to insure the other university has the appropriate policy and uses appropriate contracts with students.

3.5 Research Funds

Schedule 2 of the templates is intended to record the instalments of the Research Funds payable. These are normally expressed by reference to a specific date, or achievement of a Milestone (see 3.2).

Amounts should be expressed to be inclusive or exclusive of any applicable taxes or charges.

Good practice suggests Research Funds should not be expressed as a budget. If it were, then every payment would have to be justified with appropriate supporting documents. While support for expenses might be easy to document, usually the time researchers expend on a project is difficult to document. To avoid these risks, normally Schedule 2 is a list of fixed price payments.

Normally, each instalment of Research Funds is paid in advance, not in arrears. This means that the due date of the first instalment, for example, would be within 30 days after the date of the agreement, and it would be a sufficient amount to take the research up to the due date of the next instalment, which would also be a payment in advance, not in arrears.

3.6 Research Steering Committee

Neither a Contract Research Agreement nor a Sponsored Research Agreement need to make provision for a Research Steering Committee. They may do so, but such a structure usually is too much of an administrative burden where only one party is performing research. A Research Steering Committee, however, is usual in any type of Collaborative Research Agreement.

A Research Steering Committee is normally composed of equal representatives of both parties. Its function is to supervise the performance of the Research Program, and to deal with matters that might arise during the Research Program. It may or may not have decision making powers to change or vary the Research Program. Normally, it would not have the power to change the amount or timing of Research Funds. More authority may be delegated to a Research Committee where the parties are equally represented. If the parties agree to an unbalanced committee, the party with less power on the committee will wish to limit the committee's authority. This can be done directly by limiting its decision-making authority or the committee may be given broader authority but certain decisions, such as those that may increase costs or decrease rights, require unanimous votes.

Normally, a Research Committee focuses on scope, content and progress of the Research Program. The committee may have authority to broaden or narrow the scope of research, to extend research into new areas, to increase costs, to declare that Milestones have been met, and to declare the Research Program complete or terminated. Where collaboration agreements allocate Project IP ownership based on inventorship or authorship, the Research Committee may be delegated authority to decide which party owns Project IP. In long term collaborations in which Project IP may arise at times during the Research Program, the committee also may be delegated authority to decide where and when to file for patent protection for Project IP.

3.6 Ownership of Project IP

The ownership of Project IP arising from the Research Program can be dealt with in many ways, depending upon the relationship between the parties, as defined by the type of Research Agreement they employ. In a Contract Research Agreement, the company will own the Project IP,

while in a Sponsored Research Agreement will own the Project IP. In Collaborative Research Agreements, however, each party may contribute to Project IP and ownership allocation may take several forms. Most commonly, ownership of Project IP is allocated based on inventorship or authorship. If Project IP is solely invented or authored by staff of the university, it is solely owned by the university. If solely invented or authored by company staff, it is solely owned by the company. And, where jointly invented or authored by staff of company and university, the Project IP is jointly owned. The consequences of joint ownership of intellectual property are addressed in Guideline 04, "Implications of Joint Ownership of IP." That Guideline also suggests agreement provisions for addressing the consequences.

Table 2 shows how these factors influence the choice of Research Agreement, as well as different ways of dealing with the ownership of intellectual property within those agreements.

TABLE 2

	A	B	C
	Type of Agreement	Dominant Factors affecting who should own the Project IP	Who would typically own the Project IP
1	Contract Research Agreement (university / company)	The company pays the university the full commercial price for undertaking the research, including full recovery of direct costs, indirect costs, and a profit component.	The company
2	Sponsored Research Agreement (university / company)	The company pays the university an amount less than B1	The university
3	Collaboration Research Agreement with Company (university / company)	There being research undertaken by both the university and the company, both expect to have ownership reflect their respective inventive contributions to the Project IP that arises	The university would solely own that part of the Project IP created solely by its own employees. The company would solely own that part of the Project IP created solely by its own employees. The university and the company would jointly own that part of the Project IP created jointly by their employees.
4	Collaborative Research Agreement (university / university) – Inventorship Model	Effectively the same as B3. There being research undertaken by both universities and both expect to have ownership reflect their respective inventive contributions to the Project IP that arises	Effectively the same as C3. Each University would solely own that part of the Project IP created solely by its own employees. Both Universities would jointly own that part of the Project IP created jointly by their employees.
5	Collaborative Research Agreement (university / university) – Joint Ownership Model	Two universities collaborating together on a Research Program prefer to jointly own all Project IP, in equal proportions, without regard to their inventive contributions	Both universities as joint owners in equal proportions.

3.7 Commercialisation Ability or Rights / Right of First Negotiation / Option to Negotiate a License

The choice of Research Agreement template that the parties make, which reflects how they agree to deal with the ownership of intellectual property will influence how the question of Commercialisation ability or Commercialisation rights is addressed.

TABLE 3

	A	B	C
	Type of Agreement	Ownership of IP reflected in agreement (see 3.6)	Commercialisation ability or rights / option for a license / right of first negotiation for a license
1	Contract Research Agreement (university / company)	The company	As the company owns all the Project IP, it has the rights to Commercialise and use the Project IP. This arises naturally from the company's sole ownership of the Project IP. The Contract Research Agreement therefore does not need to say anything about this, and would normally be silent on these points.
2	Sponsored Research Agreement (university / company)	The university	The company would normally seek to acquire a license to the Project IP. A license can be negotiated and entered into at the same time as the Research Agreement is entered into. Alternatively, the Sponsored Research Agreement can provide for the university granting to the company an option or right of first refusal to negotiate a license within an agreed period.
3	Collaboration Research Agreement (university / company)	The university would solely own that part of the Project IP created solely by its own employees. The company would solely own that part of the Project IP created solely by its own employees. The university and the company would jointly own that part of the Project IP created jointly by their employees.	Same as C3

4	Collaborative Research Agreement (university / university) – Inventorship Model	Effectively the same as C3. Each University would solely own that part of the Project IP created solely by its own employees. Both Universities would jointly own that part of the Project IP created jointly by their employees.	Reliance is placed on the two universities or research organisations reaching consensus at the future date on how to deal with Commercialisation matters, including whether and the extent to which to patent the Project IP
5	Collaborative Research Agreement (university / university) – Joint Ownership Model	Both universities as joint owners in equal proportions.	Same as C4
6	Collaborative Research Agreement (university / university) – Inventive Contributions Model	Both universities as joint owners in proportion to their respective inventive contributions.	Same as C4

See Guidelines 03 Rights of First Negotiation and Options to Negotiate a License.

Where the Research Agreement grants a party, normally the company, an option for a license under Project IP, it should provide for a specific period of time that is the Option Period and should provide a specific procedure through which the company can exercise the option. The procedure is often written notice received by the university within the Option Period. If the company properly exercises the option, then the university or research organization will be obligated to negotiate in good faith the terms of the optional license. Those terms must be consistent with whatever terms are specified in the option provision, usually only exclusive and royalty-bearing. In some sponsored research agreements, the parties may agree to additional specific terms, such as the license will be worldwide or will be in a defined field. While a university may not agree in advance to a specific royalty for the optional license, in some cases the university will agree the optional license will have a royalty in a specific range, for example, between two percent (2%) and six percent (6%) of net sales of products made using the Project IP. Such a broad range and without defining net sales or the products leaves a very large area for negotiation, but a company may consider the limitation a benefit because it excludes negotiations outside the range.

The parties should not be bound to negotiate indefinitely. The agreement, therefore, must include a time period for concluding negotiations (Negotiation Period). The time period should be sufficient for negotiation of the type of license contemplated. The parties can always agree to extend the Negotiation Period, but it is important to have an expiration date.

The sponsored research agreement should also specify that, if the option is not properly exercised or agreement is not reached in the Negotiation Period, the option expires and the company has no further rights. If this is not clear in the agreement, there could be a cloud over the right of the university to offer the Project IP to a third party.

3.8 Responsibility for Patenting

The choice of Research Agreement template that the parties make, which reflects how they agree to deal with the ownership of intellectual property will influence how the question of patent protection of Project IP is addressed.

TABLE 4

	A	B	C
	Type of Agreement	Ownership of IP reflected in agreement (see 3.6)	Patenting Project IP
1	Contract Research Agreement (university / company)	The company	As the company owns all the Project IP, it has the rights to patent (or not patent) the Project IP, as it decides. This arises naturally from the company's sole ownership of the Project IP. The Contract Research Agreement therefore does not need to say anything about this, and would normally be silent on these points.
2	Sponsored Research Agreement (university / company)	The university	<p>During the period that the company has a right of first refusal or option to negotiation a license (See C2 in the Table at paragraph 3.7), the company would seek to ensure that it was able to patent to the extent that it decided to protect its commercial interests. That being the case, normally the company would decide the extent of patent protection, which would be undertaken by the university at the company's expense.</p> <p>If a license is agreed to as a result of the first refusal or option to negotiate a license, the matter would then be addressed in that license.</p> <p>If a license is not agreed to, then upon the expiration of the right of first refusal or option to negotiate a license, the university would decide these matters.</p> <p>If the company did not wish to patent a particular part of</p>

			the Project IP, the University can do so, and that part of the Project IP would be excluded from the operation of the right of first refusal or option to negotiate a license.
3	Collaboration Research Agreement (university / company)	<p>The university would solely own that part of the Project IP created solely by its own employees.</p> <p>The company would solely own that part of the Project IP created solely by its own employees.</p> <p>The university and the company would jointly own that part of the Project IP created jointly by their employees.</p>	<p>Same as C2 in relation to that part of the Project IP solely owned by the university.</p> <p>The agreement must provide a process by which the parties decide about patent protection for Project IP that is jointly owned. The agreement must allocate cost of such patent protection. See Guideline 04, "Implications of Joint Ownership of IP" for suggestions on appropriate contract provisions.</p>
4	Collaborative Research Agreement (university / university) – Inventorship Model	<p>Effectively the same as C3.</p> <p>Each university would solely own that part of the Project IP created solely by its own employees.</p> <p>Both universities would jointly own that part of the Project IP created jointly by their employees.</p>	<p>Each university would solely make decisions about patenting the part of the Project IP that it solely owned.</p> <p>Both universities would jointly make decisions about patenting the part of the Project IP that they jointly owned.</p> <p>If one university did not wish to patent a particular part of the jointly owned Project IP, the other university could do so, and that part of the Project IP would cease to be jointly owned, with the university that declined to pay patent expenses assigning its share to the university that wished to do so.</p>
5	Collaborative Research Agreement (university / university) – Joint Ownership Model	Both universities as joint owners in equal proportions.	<p>Both universities would jointly make decisions about patenting the part of the Project IP that they jointly owned.</p> <p>If one university did not wish to patent a particular part of the jointly owned Project IP,</p>

			the other university could do so, and that part of the Project IP would cease to be jointly owned, with the university that declined to pay patent expenses assigning its share to the university that wished to do so.
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3.9 Confidentiality of Project IP and academic publications

The type of Research Agreement and how the parties agree to allocate ownership of Project IP will determine how the parties agree to treat confidentiality and publication of Project IP.

TABLE 5

	A	B	C	D
	Type of Agreement	Ownership of IP reflected in agreement (see 3.6)	Must the university keep the Project IP confidential?	Can the university publish academic publications?
1	Contract Research Agreement (university / company)	The company	As the company owns all the Project IP, it would normally require the university to maintain the Project IP in confidence, and not to disclose it without the company's prior consent.	It follows from C1 that the university cannot publish without the company's consent.
2	Sponsored Research Agreement (university / company)	The university	As the company has a right of first refusal or option to negotiate a license, it will normally seek to have the university maintain confidentiality for the duration that it has those rights. If a license is granted, these matters would be addressed in the license. If the right of first refusal or option to negotiate a license expired and no license was granted, the	It follows from C2 that a company would normally seek the timing of publications and patenting to be managed in a complementary manner for the duration of its right of first refusal or option to negotiate a license (see 3.13). If a license is granted, these matters would be addressed in the license. If the right of first refusal or option to

			university would then have no further obligations of confidentiality.	negotiate a license expired and no license was granted, the university could then publish without restriction.
3	Collaboration Research Agreement (university / company)	<p>The university would solely own that part of the Project IP created solely by its own employees.</p> <p>The company would solely own that part of the Project IP created solely by its own employees.</p> <p>The university and the company would jointly own that part of the Project IP created jointly by their employees.</p>	Same as C2	Same as D2
4	Collaborative Research Agreement (university / university) – Inventorship Model	<p>Effectively the same as C3.</p> <p>Each University would solely own that part of the Project IP created solely by its own employees.</p> <p>Both Universities would jointly own that part of the Project IP created jointly by their employees.</p>	<p>There are a number of models the universities might choose, depending upon their shared objectives in relation to a specific Research Program:</p> <p>Model 1: no obligations of confidentiality whatsoever</p> <p>Model 2: obligations of confidentiality between both universities</p>	<p>There are a number of models the universities might choose, depending upon their shared objectives in relation to a specific Research Program:</p> <p>Model 1: each university can publish at any time without restriction</p> <p>Model 2: a managed process of pursuing both publication and patenting and Commercialisation, but an absolute right to publish after an agreed period of time elapses (such as 12 or 18 months etc)</p>
5	Collaborative Research Agreement (university / university) – Joint Ownership Model	Both universities as joint owners in equal proportions.	Same as C4	Same as D4

In the foregoing table, the university may agree to retain in confidence all Project IP until expiration of the Option Period or Negotiation Period, during which time the company and university can work together to prepare and file patent applications. While a company may hope that Project IP could be held as a trade secret, a university that agrees to keep it confidential indefinitely assumes a significant risk. It is generally contrary to university culture to hold information in confidence indefinitely. If a company relies on the university holding Project IP in confidence, the university could incur significant liability because of lax enforcement of confidentiality obligations.

3.10 Managing Patenting and Academic Publications

Commercialization of Project IP requires the parties to agree to a process for managing publication of research results. While a commercialization partner might wish for indefinite secrecy, that is neither practical nor consistent with university policies. A process that balances the competing interests is preferred. A normal process requires any university staff that wishes to publish to first allow the company to review the proposed publication to ascertain whether it contains Project IP that is not encompassed by a filed patent application. The company, after a defined period of time for review, may authorize publication, seek revisions to protect Project IP, or seek delay to permit preparation and filing of patent applications. The agreement should provide that if the company fails to act within the time for review the proposed publication can be published.

3.11 Student Publications

Publications by students are normally dealt with in the same way as publications by other researchers. But in relation to students two additional issues arise.

The first is the examination of a student's thesis. When the thesis is examined, it is disclosed to examiners who may be employed at a university that is different to the university in which the student is enrolled. For that reason, it is customary for the company to have the right to require that the examination of the student's thesis be undertaken by examiners which have entered into a confidentiality agreement to keep the intellectual property disclosed in the thesis confidential.

The second is the deposit of the student's thesis in the university's library. Doing so places the thesis into the public domain, and that could adversely affect the intellectual property's novelty and patentability. For that reason, it is customary for the company to have the right to require that the thesis be placed in an area of the library to which public access is not available, and for access to the thesis to be restricted until its contents have been protected.

3.12 Liabilities

The Research Agreement templates contain two provisions limiting liabilities. The first is a provision that limits the liability of one party under the contract to the other party, to \$10.00 (or to some other agreed amount). Such a liquidated damages provision limits the university liability to the other party. Since research is speculative and uncertain, a university cannot promise a particular research outcome. It is reasonable for a university to seek such a limit on liability.

This limitation of liability provision however would not apply in relation to any breach of confidentiality obligations under the agreement.

The second provision is an indemnity provision where one party promises to reimburse the other party for any liability incurred to a third party as a result of the one party's use of the Project IP. In some countries, the law permits a party injured by a product to seek compensation from all entities

directly or indirectly involved in placing the product on the market. Thus, in any research agreement that contemplates commercialization of Project IP resulting from university research, there is a risk that such commercialization may lead to claims by a third party against the university. To protect its interest, a university may insist on an indemnity provision from the company or other entity that commercializes the Project IP.

There are different forms of indemnity provision. In the most basic, the company or other entity that commercializes the Project IP agrees to reimburse the university for damages incurred as a result of a third-party claim. If the university is required to defend itself in court, the university will incur costs in the defence and the indemnity provision could require reimbursement of damages and costs. Alternatively, the university could agree that the other party will defend the university and reimburse damages that might be awarded against the university.

Indemnity provisions must be carefully drafted to protect the interests of both parties. For example, the company should not be required to indemnify for third party claims that are unrelated to the Project IP or the product produced by the company. Careful negotiation and crafting of an indemnity provision will be important for both parties.

3.13 Governing Law

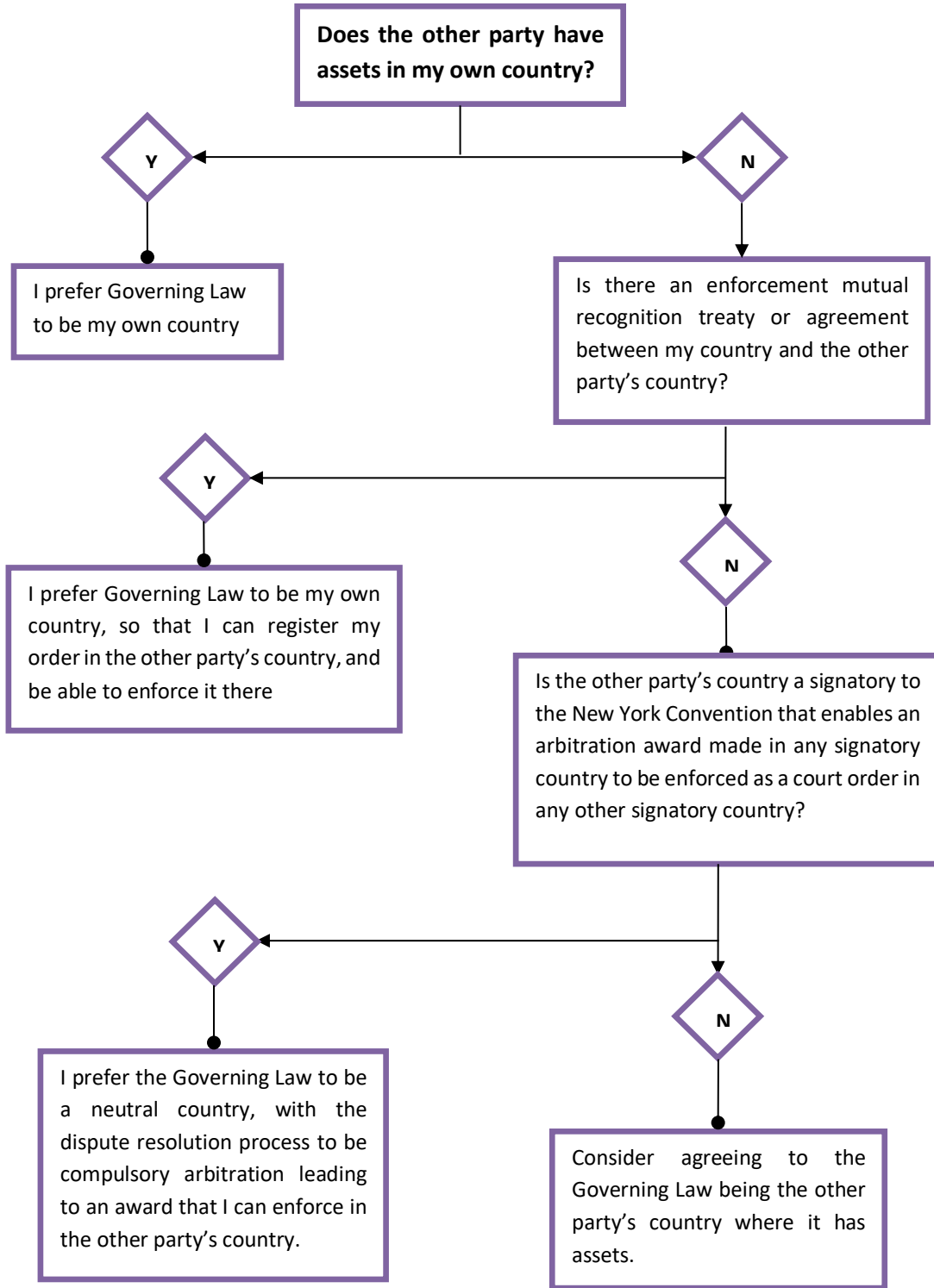
By this provision, the parties agree that the laws of a jurisdiction to govern the Research Agreement. The jurisdiction can be a state or province of a country, or it can be a country. Nominating a jurisdiction where both the Discloser and the Recipient are located in that jurisdiction normally is not contentious. It is normally not contentious nominating a state or province of one party, where both parties are located in the same country. But, where the Discloser and the Recipient are located in different countries, selecting one country can sometimes be contentious.

Each party may want its own jurisdiction to be the governing law, in the belief that this provides it a “home advantage”. But that belief may not always be a reasonable belief, for a number of reasons:

- (a) There may be no “home advantage” if the courts of the other party’s country may not be bound by the governing law clause, or may have the view that as the other party is located in that country, the courts in that country will have jurisdiction, even if a different governing law jurisdiction is specified in the contract.
- (b) There may be no “home advantage” if the other party has no assets in the specified jurisdiction, the other party is not present in the specified jurisdiction, or there is no treaty providing for reciprocal enforcement of court judgments between the country where proceedings are commenced and the country where the other party has assets or presence.
- (c) There may be no “home advantage” if the remedy likely to be sought is an injunction since the only court that could enforce an injunction against the other party will be in the other party’s home country.

When selecting a jurisdiction, consider where the other party is located, where the other party has assets, and whether there is a treaty between the parties’ respective countries that provides reciprocal recognition and enforcement of court orders. Where there is such a treaty, there may be a “home advantage” in seeking to nominate one’s own country as the governing law.

Consider the following decision chart.



GUIDELINES 07 - CONSULTING AGREEMENTS

1. INTRODUCTION

1.1 Purpose of Guidelines

These Guidelines accompany the Consulting Agreement template, and is intended to assist in the use of that template agreement.

1.2 Words Employed

Capitalised words and phrases employed in these Guidelines have the same meaning as in the Consulting Agreement template.

2. CONSULTING AGREEMENT TEMPLATE OR CONTRACT RESEARCH AGREEMENT TEMPLATE?

The Consulting Agreement template is suitable for use when a university or research organisation agrees to undertake consulting assignments. The Contract Research Agreement template is suitable for use when a university or research organisation is engaged to undertake research (See Guidelines 06). Sometimes, the boundary between whether to use one, or the other, is a blurry one.

In both the Consulting Agreement template and the Contract Research Agreement template, the Company that pays for the research or services will own the intellectual property that arises from the engagement. The nature of the work performed by the University could be the same under either template agreement.

As noted in Guidelines 06, contract research is not research in the traditional sense. Contract research generally encompasses scientific analysis or evaluation of problems or materials supplied by the Company. It is not likely to generate invention. Contract research may generate data and reports in which copyrights exist, but patentable subject matter is not anticipated.

Consulting services can be the same as contract research if the Services are scientific analysis or evaluation of problems or materials supplied by the Company. But, Services may include non-technical endeavours, such as social science surveys and analysis of results, market analysis, psychological predictions based on Company data, software programming, and many other activities not strictly involving the traditional technical sciences.

Choosing one template or the other may influence the expectations of the Company. The title "Contract Research" suggests that classical research will be performed and inventions may result. The description of the "research" in the contract should clarify expectations. While the title "Consulting Services" is less likely to suggest that research will be performed, most Companies will expect to own what they pay for and will want the contract to reflect their ownership of even unlikely inventions.

Thus, regardless of the template used, the Company will expect to own the results. The University, therefore, must carefully define the scope of research or services that will be performed to avoid raising the risk that meaningful inventions will result.

3. INTELLECTUAL PROPERTY

Intellectual property is one of the important areas that is dealt with differently in the two template agreements.

In the Contract Research Agreement, the University assigns to the Company all the intellectual property arising from the research that is undertaken. Intellectual Property, as defined in that template, broadly encompasses all possible results, including inventions, patents, original works and copyrights.

In the Consulting Services Agreement, the University also assigns to the Company all intellectual property arising from the Services, but Intellectual Property as defined may be more narrowly limited to data and copyrights in Deliverables. The Consulting Services Agreement template includes a broader definition of Intellectual Property because a Company may insist on such a definition, but as noted in footnotes in the template, a narrower definition may be used.

Obviously, where the narrower definition is used, any invention or discovery not encompassed by data or copyrighted Deliverables would remain the property of the University.

4. OTHER TERMS

4.1 Confidentiality

Both the Contract Research Agreement and the Consulting Services Agreement require the university or research organisation to maintain in confidence not only information supplied by the Company, but also intellectual property that arises under the agreement. This is the natural result of the Company owning that intellectual property under each agreement.

If the Consulting Agreement is used Intellectual Property is defined narrowly, obligations of confidentiality will only apply to data and other Deliverables. If an invention arises from performance of services, the University would own it and could disclose it. Of course, if the invention is at all related to the data or other Deliverables, it may be difficult to disclose the invention without the Company's proprietary data and other Deliverables.

4.2 Academic Publications

The Contract Research Agreement template requires that the university or research organisation not publish without the Company's prior consent. This is also the natural result of the company owning the intellectual property under that agreement.

No provision exists in the Consulting Agreement template in relation to academic publications. But, any publication containing the Company's Intellectual Property (however defined) or Confidential Information would breach the agreement. Without a provision on academic publications, there is no vehicle for prior review and authorization. This means the University bears the risk that a proposed publication discloses Company's Confidential Information.

4.3 Patenting

The Consulting Agreement is silent about the protection and patenting of intellectual property. This reflects the intended scope of services to be provided. The probability of invention will be low.

If the definition of Intellectual Property is narrow, there is no need for a provision on patents. The broader definition raises the risk that inventions, if they arise, will be assigned to the Company. Without provisions allocating responsibility for patents, the Company will control the process as to any invention assigned to it.

4.4 Limit on Liability

The Contract Research Agreement template and the Consulting Agreement template contain the same clause.

4.5 Indemnity Against Third Party Claims

The Contract Research Agreement template contains an indemnity clause. This indemnity clause relates to claims by third parties arising from the Company's use and Commercialisation of the Project IP.

The indemnity in the Consulting Agreement however relates to any use of the Intellectual Property by anyone other than the Company. As is normally the case in professional services, the provider of the services is accountable to the person making the engagement, but no other person should rely on the advice given.

4.6 Governing Law

The provisions on governing law in the two agreements are the same.

GUIDELINES 08 - EXCLUSIVE IP AND TECHNOLOGY LICENSE AGREEMENTS

1. INTRODUCTION

1.1 Purpose of Guidelines

These Guidelines accompany the three templates -- Exclusive IP and Technology License Agreement, Exclusive IP License Agreement, and Exclusive Technology License Agreement -- and is intended to assist in the use of those template agreements.

1.2 Words Employed

Capitalised words and phrases employed in these Guidelines have the same meaning as in the Exclusive License Agreement templates.

1.3 Footnotes

The Exclusive License Agreement templates contain many footnotes that provide guidance on choices and selections that need to be made to complete a license on each occasion a license is required.

2. WHAT IS A LICENSE ?

2.1 Nature of a License

A license is a contract by which an intellectual property owner conditionally waives its rights under the intellectual property. A patent gives its owner a right to exclude others from exploiting the claimed invention and a license waives that right in whole or in part. A copyright gives its owner the right to control copying, publication and distribution of an original work of authorship, including a software program, and a license waives some or all those rights. Other forms of intellectual property—industrial design rights, plant breeder's rights, integrated circuit layout designs—can also be licensed.

Proprietary information, such as trade secrets or knowhow, is a form of intellectual property in the broad sense of the term, but unlike patents and copyrights, it is not a right statutory right. The owner's rights in information arises from its possession in secret. The possession of the information gives its owner the right to use the information and to prevent misappropriation of the information by those in confidential relationship with the owner. A license creates a confidential relationship with the licensee and grants the licensee the right to use the information.

Putting aside the precise legal definitions, a license generally conditionally grants permission to commercialise the intellectual property and proprietary information encompassed in the license. This usually extends to all aspects of the commercialisation, from the further development of intellectual property or proprietary information, to manufacturing products, and to marketing, promoting and selling products and services covered by the intellectual property or embodying the proprietary information. A license, or a permission to commercialise, is the most common technology transfer mechanism.

2.2 A Contract

A license is a contract that creates contractual rights, duties and obligations between the licensor and the licensee. It is these contractual terms, the rights, duties and obligations, which regulate the

relationship between the licensor and the licensee in a legally enforceable way. Common contractual terms in an exclusive license, and alternative models for dealing with these terms, are described below.

3. WHAT IS LICENSED

An Exclusive License Agreement may grant rights in patents, copyrights and proprietary information and any combination thereof.²³⁶ While licensing patents and copyrights can rely on applicable law to define boundaries which then do not have to be included in the contract, licensing proprietary information requires careful imposition of boundaries in order to retain the value of such information. Thus, a template for a license of proprietary information, alone or with patents and copyrights, will be more involved than a simple patent license. To avoid complicate alternative provisions in a single template, three templates are provided. While there remain some alternatives in the templates, the separate templates may be more useful.

The Exclusive IP License Agreement template is directed to license of patents and copyrights, identified as Licensed IP. Patents encompass patents and patent applications of various forms and in various countries. The licensed commercialization is of the inventions claimed in the patents. Copyrights inherently arise in an original work, whether it is a book, article, painting or software program. The licensed commercialization is of the underlying original work.

The Exclusive Technology License template is directed to a license of proprietary information, which may any information of value that is not generally known. This template includes confidentiality provisions that are necessary if the information is to retain its value. The licensed commercialization is commercial use of the proprietary information under the terms of the agreement.

The Exclusive IP and Technology License template is directed to the combination of patents, copyrights and proprietary information. It, therefore, includes provisions unique to both types of licenses as well as common provisions. The licensed commercialization is of the inventions or original works (such as software) protected by the patents and copyrights and the proprietary information which most often is related to the commercialization of the inventions or original works.

4. EXCLUSIVITY

4.1 Exclusive Licenses

The Exclusive License Agreement templates are suitable where the license to be granted is intended to be an exclusive license. The grant of an exclusive license is a promise by the IP owner not to grant the same rights to anyone else. Depending on the scope of exclusivity and the applicable law, it may also convey to the licensee the right to exclude others from exploiting the IP to the extent of the exclusive rights granted to the licensee.

Most jurisdictions consider grant of an exclusive license to mean no one else has the same rights. Confusingly, in the United States, grant of an exclusive license means the IP owner will not grant

²³⁶ A license may also convey rights under trademarks, industrial designs, plant breeder rights, and other forms of intellectual property. These Guidelines focus on patents, copyrights and proprietary information as those most commonly licensed by universities or research organizations.

any further licenses of the same rights, but the IP owner may have granted prior nonexclusive licenses that compete with the exclusive commercialization rights. Appropriate representations in the templates (Clause 14.2(d)(3) in the IP and Technology License Template) should protect the licensee from this interpretation.

Implicit in granting an exclusive license is a promise by the IP owner not to exploit the rights exclusively granted to the licensee. If a university or research organization wishes to continue research using exclusively-licensed IP or proprietary information, an express reservation to that effect must be in the agreement. In the templates, the exclusive license is for Commercialization (see Clause 3.1(a)) which as defined only includes activities performed for consideration which excludes research and development. The license granted for research and development is nonexclusive (see Clause 3.1(b)) by which the University retains the right to conduct research and development. An alternative approach is to grant back to the University or expressly exclude from the license grant a right to perform research and development. For example, change Clause 3.1(b) to:

As an exception to the exclusive license granted in clause 3.1(a), the University expressly reserves the right under Licensed IP and Licensed Technology to perform research and development in the Territory and the Field.

4.2 Non-Exclusive Licenses

Nothing requires a university or research organization to grant exclusive licenses; they may grant non-exclusive licenses. In the latter, the licensee only gets a promise that the IP owner will not enforce its IP rights against the licensee. The university or IP owner may grant many nonexclusive licenses and may continue to exploit the licensed IP without accounting to or permission from the nonexclusive licensees.

A non-exclusive license is the appropriate technology transfer mechanism for many types of products and processes. Where the market for the product could not be satisfied by a single source, a nonexclusive license is appropriate. For example, where shipping costs would be high, i.e., bricks made using a novel process, multiple licensees might be appropriate. Where the market is expected to grow rapidly and the product to evolve quickly, such as the technology for the USB thumb drive, a nonexclusive license allows the competitive marketplace maximize productions and minimize price. A final example, a nonexclusive license for platform technology, such as recombinant DNA, enables broad use by all entities working in the field.

A non-exclusive license is not an appropriate technology transfer mechanism where further development to reach a market ready state is required. If a licensee that will incur significant development costs to take the technology to a market ready state, making a significant speculative investment, it will normally require an exclusive license to justify those development costs and the speculation made.

5. FIELD

Licenses can be limited to fields.

A field describes an area of application of the IP. For example, in the biotechnology area, field limitations may be the treatment and prevention of illness, or the diagnosis of illness. In the

software area, field limitations may be computer programs for the banking sector, or computer programs for the insurance sector. Field limitations allow an IP owner to maximize exploitation of the technology and revenue.

Using well-defined fields without competitive overlap, an IP owner can grant multiple exclusive licenses. For example, a pharmaceutical may be exclusively licensed to one licensee for the human use and to another licensee for animal use. This allows the licensor to maximise the benefits anticipated from the commercialisation of the IP.

Field limitations in a license are theoretically unlimited. The only limitation upon the number of field limitations is the nature of the IP to be licensed, and the market place in which it will be commercialised. The Exclusive License Agreement templates may be used when a field is intended, and by deleting reference to a Field, when no field limitation is intended.

If a Field is to be used, a careful Field definition is needed. If multiple Field licenses are contemplated, the defined fields must not overlap. If Fields cannot be clearly distinguished, the IP owner will face disputes when the various licensees begin to compete.

6. TERRITORY

The Territory refers to the geographical area in which the licensee may exercise the licensed rights. The Territory may be worldwide, specific countries, or specific regions. As with Field, the object is to match the capability of the licensee with the scope of the rights that are granted.

A licensor may identify a licensee as having the marketing network and capability to commercialise the IP in one geographical area, but no marketing network and no capability to commercialise in other geographical areas. In this case a worldwide license may be inappropriate, given the prospect that those parts of the world where the licensee has no marketing network and no capacity would not be serviced, with the result that no royalties accrue back to the licensor. For example, it might be appropriate to grant an exclusive license for Asia to one licensee, grant an exclusive license of the same IP to another licensee for the countries in the European Union, and yet another for North America. An exclusive license in a Territory is still an exclusive license, since the licensee solely can commercialise in that Territory.

The licensor retains the right to commercialise outside the Territory.

Field and Territory limitations may be used in combination.

The Exclusive License Agreement templates anticipate that the license will have a worldwide Territory. If this is not intended, this should be changed to refer to the applicable countries or regions that are intended to encompass the Territory. As with the Field, careful definition is necessary. If the Territory is "Asia," what countries are involved. Geographic Asia may differ from political Asia which may differ from Asia as used in a particular industry. Is Turkey or Russia an Asian country or European country? Even relying on well-defined political groups—the European Union—is not precise enough because countries in the EU may change. It is good practice to list countries.

7. TERM

7.1 Until Last to Expire Patent

Where a patent is exclusively licensed by a university or research organisation, it is not unusual for the term of the license, in relation to each separate country, to be the period commencing upon the date of the license and ending upon the date of expiration of the last to expire licensed patent in that country. The Exclusive License Agreement templates, however, define the term of the agreement as the life of the last to expire of the patents or 20 years for the proprietary information, whichever is later, and define the time for paying royalties on a country-by-country basis that depends on when the IP and proprietary information expire in such country. In this way, the agreement remains in effect until all rights have expired and only the payment obligations expire country by country. This may be important where other contract provisions, such confidentiality, should continue in effect in all countries regardless of payment obligations in that country.

7.2 Until Know-How Enters the Public Domain

Where the subject matter of a license is proprietary information without patents, the term of the license is often expressed as being until the expiration of a fixed period, or that date when substantially all of the proprietary information has entered the public domain, other than as a result of disclosure by the Licensee, whichever is the earlier.

7.3 Fixed Term

The term of a license might also be expressed as a fixed agreed-upon duration, such as a stated number of years. This can be renewed if the parties agree. A copyright license for software might have its term expressed in this way since software may lose its commercial value long before the copyright expires.

8. SUBLICENSING

Most exclusive licenses grant the licensee the right to grant sublicenses. Because the IP owner, by granting an exclusive license, agrees not to grant any more licenses, without a sublicense right neither party would be able to grant further rights without amending the contract. It is good practice, therefore, to give the licensee a right to grant sublicenses.

8.1 With or Without Consent

The right to grant sublicenses may be conditioned on the prior approval of the IP owner-licensor. Where the IP owner is a commercial entity, prior approval is usually objectionable because it introduces questions of competitive motive for approval or not. Where the IP owner is a university, however, competition is usually not an issue, and a university may have a legitimate interest in insuring the sublicenses are qualified to commercialize the IP. Normally, where the university has the right of prior approval, it cannot unreasonably withhold, delay or condition approval. This general limit of the university's right of approval is undefined but often more acceptable than specific criteria for sublicensees.

A prior consent requirement is often of concern to a company licensee because a sublicense may be only part of or broader deal with another company under confidential terms. By law, a licensee cannot grant greater rights or lesser restrictions to a sublicensee than those in the licensee

agreement. The company will contend prior approval risks disclosure of confidential information, the scope of a sublicense is limited by law, and license has the same interest as the IP owner in granting sublicensees to qualified companies.

The Exclusive License Agreement templates include sublicense provisions but do not require prior approval. Such a restriction can be added without difficulty.

8.2 Other Sublicense Terms

The provisions in the templates do address other issues arising from the grant of a sublicense.

(a) The sublicense should be in writing and copy delivered to the university. Like any license, a sublicense could be granted orally. Companies often direct their affiliates to practice IP without bothering with formal paperwork. Requiring sublicenses to be in writing and copied to the licensor means the licensor will know who is sublicensed and on what terms. While it may not be prior approval, the university is entitled to know how its IP is sublicensed. If the sublicense is part of a larger confidential deal, the licensee may be permitted to redact terms that are not part of the sublicense.

(b) The sublicense should identify the university or licensor as an intended beneficiary. In some countries, this would permit the licensor or university to enforce the sublicense if the licensee fails to do so. Also, permitting the university to audit the sublicensee's records if the licensee does not, will aid the university in enforcing its rights to revenue based on the sublicensee's sales.

(c) Normally, if the license agreement is terminated early, before it otherwise would expire, the sublicense could continue in effect with the sublicensee reporting to the licensor. If the licensor wishes sublicensees to terminate with the license agreement, this must be specified. The templates provide for automatic termination with the license agreement.

(d) Consideration for the sublicense—royalties, upfront fees, milestone payments—should not be combined with payments for other benefits conveyed to the sublicensee as part of a broader deal. If the sublicensee were to pay a combined payment, it would be hard to determine if it was paying for the sublicense or for something else.

(e) Because the licensee may grant all rights it received to a sublicensee and must impose all restrictions on a sublicensee, the license agreement should be clear about what rights cannot be sublicensed or what restrictions need not be imposed. In the templates, it provides that the licensee cannot grant a sublicensee the right grant further sublicenses. The university also may wish to prevent grant of exclusive sublicenses without associated diligence requirements or may wish to waive the requirement of an upfront fee from sublicensees.

Finally, a sublicense will require consideration like that in the license agreement. There may be upfront payments, milestone payments and royalties of the same type required by the license, but nothing prevents a licensee from obtaining more of these payments or additional payments. The templates require a licensee to pay to the licensor not only the royalties on sublicensee sales (clause 5.3(a)), but also a percentage of any other fees received from a sublicensee (clause 5.3(b)).

In some situations where broad sublicensing would be beneficial to spread the use of the IP, a university can agree to share sublicense revenue with the licensee. Thus, a license that permits the licensee to retain 20% of the royalties paid by sublicensees may be a financial incentive to grant many sublicenses.

9. FINANCIAL TERMS

9.1 Royalty upon Sales by a Licensee

The most common financial consideration paid by a licensee to a licensor is a royalty upon of the sale of products.

This type of royalty is usually expressed as a percentage of the invoice price for which a product is sold, and may be called a royalty on Net Sales Price, or some other similar name.

In the templates, royalties are paid on the sale of “Licensed Products” which are defined broadly to include both products and services the manufacture, use, sale, offer for sale, import, copying or distribution of which infringes the Licensed IP or uses or embodies the Licensed Technology. As a result, a royalty will be payable on a product made or sold in a country where a patent exists, on any product made using proprietary information, on sale or distribution by license of copyrighted software, and on revenue received for services rendered if the services are patented or use proprietary information.

Royalties for patents may only be received for sales, manufacturing, use or import in countries where patents exist. Rarely are there patents in every country. A worldwide license under patents alone may not generate royalties on all sales if some products are made and sold in countries with no patents. Since proprietary information has no border, royalties on products employing proprietary information may be obtained worldwide. For this reason, a university that has some meaningful proprietary information may wish to license it along with related patents in the same agreement. See the Exclusive IP and Technology License Agreement template.

A university or research organization must anticipate a licensing structure at the time it files for patent protection. If some of the technology can be retained secret and maintained secret when commercially used, licensing it as proprietary information may increase royalty revenue. In most cases, such information will not be available and the patent filing decision will dictate the future royalty stream. If a licensee can easily move manufacture to non-patent countries, then broad patent protection should be sought in all major market countries. If manufacture is difficult to move, e.g., steel making, then patent protection need be sought only in countries where manufacture is likely.

9.2 Meaning of Net Sales Price

There is no standard definition of Net Sales Price. The starting point is usually the invoice price of a product. From this, it is usual to make deductions. If the invoice price includes a taxation component, this will ordinarily be deducted from the gross sales price before calculating the royalty. If this deduction was not made, the royalty would be paid on the tax as well. The taxation component might be a sales tax, a goods and services tax, some other type of value added or consumption tax, a turnover tax, an import or export tax, an excise duty, or a custom duty. In the templates, the definition of Net Sales Price includes a comprehensive list of deductions, credit for royalties paid upon products which are returned.

The templates definition also addresses less than arms' length transactions between the Licensee and its Affiliates or other closely related companies. Because such transactions likely will be at less than market price, the definition provides a means for determining an appropriate price to be used in such case.

The template definition also defines the royalty base where Licensed Products are transferred to Affiliate for sale. The transfer price will likely be artificial or wholesale; the definition imposes the royalty on the sale price by the Affiliate. This structure generally does not work where the licensee uses independent distributors who buy at wholesale and sell at retail. The Licensee will benefit, at least indirectly, from the Affiliates sales and the Licensee can obtain information on such sales. Neither is true for an independent distributor. A Licensee will resist paying royalties on a distributor's sale price, in part because the Licensee does not share in the distributor's profit to offset the higher royalty.

The definition of a Net Sales Price should also take into account occasions when products are bundled or packaged. This occurs when a licensee offers a bundle or package of, say three products to an end user, discounting the price of each individual product for a discounted lump sum price for all three products, but only one product is subject to the royalty to the licensor. The issue that arises is how to apportion between the three products a notional price for the royalty calculation. The usual way of handling this is to presume that the product attracting the royalty was sold at its prevailing market price, and the royalty is calculated on that prevailing market price, instead of the actual invoice price, or any part of the invoice price of the package of three products.

9.3 Royalty upon Sublicense Fees Received by a Licensee

As discussed above, normal royalties should attach to sales by a sublicensee. But, the agreement also should include a provision imposing a share of other fees or lump sum payments received by a licensee from a sub-licensee, such as upfront payments and milestone payments.

9.4 Minimum Annual Royalties

In addition to or in lieu of diligence obligations (discussed below), an exclusive license agreement often includes a minimum annual royalty requirement. Such a provision may be a guarantee of minimum revenue to the licensor or an incentive to the licensee to get to market. The former sets a minimum amount for each year of the agreement. The latter sets annual amounts that increase every year or two up to a date after which the parties expect the product to be fully deployed or the agreement terminated. Where serving as incentive, the minimums are payable even before the sale of Licensed Product begins. Since a licensee will have to pay a minimum royalty before there is revenue to offset the royalty, it serves to encourage the licensee to get to market as soon as possible.

The minimum royalty may be structured as advance royalties or minimum royalties. In the former, the licensee pays an amount at the beginning of the year and credits royalties as they accrue during the year. The latter approach, if the royalties accruing during the year do not meet or exceed the stated amount for that year, the licensee must pay the difference.

In some exclusive licenses, the licensee may elect not to pay the minimums in which event the licensee may convert to nonexclusive or terminate the agreement. Where exclusivity is not important to commercial success, conversion to nonexclusive may be acceptable to the licensor. But, for example, in the pharmaceutical field, it is difficult to succeed without exclusivity. In such a case, if the licensee failed to pay the minimum, the licensor would want the right to terminate the license, thereby permitting the licensor to grant another exclusive license.

9.5 Upfront Payment

Some licenses provide for an upfront payment. This could be called an upfront payment, or a license fee. When negotiated, such an upfront payment may assist the licensor to defray some of the expenses of negotiating the license. Where the licensee may present a financial risk, an upfront fee may be more substantial, being advance royalties.

In rare cases, the licensor wants an upfront fee to equal the value of the unpatented proprietary information. The rationale in such case is once the information is disclosed it cannot be retrieved and the recipient should pay in full for it upfront.

9.6 Milestone Payments

A milestone payment is a lump sum payment that is made by a licensee to the licensor upon certain milestone events occurring. A milestone event demonstrates that development or marketing of the Licensed Product is progressing. Such milestones may be completion of a product prototype, first commercial sale, grant of a patent, filing for regulatory approval, or obtaining regulatory approval.

A milestone payment is designed to compensate the licensor for the increase in value reflected by the milestone achievement. It might be argued that IP always had this value, but this was uncertain as the time of the grant of the license, so that the licensor agrees to defer receiving the reward until the value is demonstrated. As the increase in value is demonstrated by the achievement of the milestone events, the licensor is rewarded by the milestone payments made.

9.7 Accounts, Inspection and Audit

License agreements typically make provision for:

1. a licensee to be required to maintain accounts and records in relation to all transactions affecting the commercialisation of the Technology,
2. the licensor to be permitted to inspect those accounts and records,
3. the licensor to bear the cost and expense of that inspection, unless the inspection demonstrates there has been an under payment of the amount required to be paid, exceeding five percent (5%), in which case the costs of the inspection is paid by the licensee, and
4. the licensee to inspect the books and records maintained by any sublicensee and report to the licensor the results of such inspection.

9.8 Other Consideration Provisions

The templates include a provision addressing withholding tax. Most countries impose a tax on royalties paid out of the country. Usually this is withheld by the Licensee and paid to the local taxing authority. Receipts are delivered to the University along with the net royalty payment. Where there is a bilateral tax treaty between the Licensee's country and the University's country, the University might be able to credit against its tax any amount paid to the Licensee's country.

The templates also impose on the Licensee interest on past due payments. This is a common provision, although the interest rate may be limited by applicable law.

Any exclusive license providing for sale of Licensed Products in other countries should address currency. The University will wish to receive payment in its currency, but sales by Licensee may be in another currency. It is good practice for the parties to agree on the method and rate at which the latter currency will be converted to former currency.

10. DILIGENCE OBLIGATIONS

There is a risk in granting an exclusive license. The Licensee may not achieve commercial success or generate a royalty stream. If this is because there are better products on the market or the licensed Technology cannot be effectively implemented, little can be done. But, the licensor wants to make sure the lack of success is not due to a poor choice of Licensee. In an exclusive license, therefore, a licensor will require the Licensee to diligently work toward success. Defining in an agreement what is diligence on the part of the Licensee is the challenge.

10.1 What are Diligence Obligations

Diligence obligations are often expressed in terms of best efforts or reasonable commercial efforts. While such generic terms may be effective, their uncertainty in terms of effort required lead the parties to be more specific as to what efforts constitute diligence. Of course, being specific has its downside; if the specified diligence obligations are lenient, they may not compel sufficient effort, and if they are too demanding, they may result in an early and unnecessary termination of the agreement. The balance will be unique to each transaction and will require careful negotiation.

Classic diligence obligations are milestones along the commercialisation pathway, each to be completed by a specific date or within a defined time frame. Common milestones are:

- (a) completing R&D or product development
- (b) commencing clinical trials
- (c) filing for or receiving regulatory approval
- (d) producing a prototype
- (e) commencing construction of a production plant
- (f) making first commercial sale
- (g) granting a sublicense in a key market.

Other diligence obligations may be based on investment or results rather than specific events. For example, a Licensee could be required to invest a minimum amount on research and development each year, or expend a minimum amount on marketing Licensed Products each year, or achieve a minimum level of sales in a particular market by a specified date.

10.2 Result of Failing to Meet Diligence Obligations

Failing to comply with diligence obligations, ultimately, must lead to the termination of the license so that the licensor can license an alternative licensee. But, a University should carefully consider why to milestone was not met; it could have been the fault of the technology rather than lack of effort by the Licensee. The University would lose the benefit of the Licensee's efforts and experience by premature termination.

10.3 Negotiating Diligence Obligations

A diligence obligation that requires a licensee to use its best endeavours or reasonable endeavours to commercialise the IP will be difficult to enforce because of the vagueness of these obligations. Attempting to terminate a license based on a breach of a best endeavours obligation is likely to lead to dispute, which could take a long time to resolve. During that time, the licensor would be unable to grant an alternative license.

Failing to achieve milestones by their due dates, and these can be highly negotiable, is a more reliable basis to terminate an under-performing or non-performing licensee. Failing to achieve minimum sales is also a more reliable basis to terminate, as is failing to expend minimum agreed amounts on research and development, or marketing.

The earlier the stage of development, the greater the speculative nature of the licensee's investment into the IP, and the higher the risk for a licensee. Thus, a licensee will resist diligence obligations for early stage IP. Despite resistance, some type of diligence obligations should be negotiated, at least for the short term following the entering into of the license.

The later the stage of development of a technology, the lower the risk for a licensee, and the lower the speculative nature of the licensee's investment, if speculative at all. In fact, the risk is greatest to a licensor, which having a market ready or near market ready technology, has the greatest to lose in the case of an under-performing or non-performing licensee.

Diligence obligations can be the hardest part of a license to negotiate, and the earlier the stage of development of the IP, the harder that task is. But diligence obligations are also critical, and the most important obligations that a licensor seeks to secure from a licensee.

The Exclusive License Agreement templates contain provisions that implement five types of diligence obligations mentioned earlier. It would be very uncommon for a license agreement to contain all five. In fact, diligence obligations being the hardest part of a license to negotiate, these are sometimes the provisions where concessions are made. A licensor on each occasion needs to decide upon its willingness to license on that basis, considering the risk of having no license at all if it insists on diligence obligations, and the prospect of finding an alternative licensee that will agree to diligence obligations. This is always a difficult commercial decision that a licensor must make.

As mentioned above, minimum annual royalties may be used in lieu of diligence obligations. The licensor, of course, risks imposing minimums that are too low, where the licensee is willing to pay to keep the product off the market.

11. PATENT APPLICATIONS

Where patents or patent applications are included in an exclusive license, the license will need to address who makes decisions about patenting, who manages the process of patenting, who pays patent application expenses, and who pays patent maintenance expenses.

In an exclusive license, the licensee will often seek control of patenting and of management of the patent application process, at the licensee's expense. Some universities or research organisations may be comfortable with the licensee taking on these responsibilities, but the resulting patents will be university assets over which most universities will wish to retain control.

If the university maintains control of the patents and the patent process, the exclusive licensee will want significant input. The university will want to be reimbursed for the costs. The university or

through its counsel must give the licensee access to all documents and the opportunity to review and comment on any communication that may have an impact on the patent issuance or scope. The university must give due regard to such comments particularly where the licensee has exclusive rights under the entire patent. If the license is limited to a Field, the university may be justified in balancing the licensee's interest in the Field with the remaining scope of the patent which could be of value in a license for different Field.

A common set of provisions may provide:

1. The parties will consult on what will be patented and in what countries patents will be applied for.
2. If the parties cannot agree, the licensee will decide provided the licensee is willing to reimburse for all costs.
3. The university will manage the patent prosecution process.
4. The licensee will reimburse the university for all reasonable patenting expenses.
5. The licensee will reimburse the university for all patent renewal and maintenance expenses.
6. If the licensee decides not to continue reimbursement for particular IP, the university may do so at its expense and such patents will be excluded from the scope of the license.

Where the exclusive license is limited to a Field, the licensee may negotiate to limit reimbursement of expenses for patents having application outside its licensed Field. The university may agree to this only the event it grants a license under the patent in another Field and receives reimbursement for patent costs from the other licensee. The sharing of reimbursement costs can be prorated, i.e., with three (3) licensees, each reimburses one-third of the patents costs.

12. WARRANTIES

12.1 Ownership Warranty

An exclusive license will typically contain a warranty by the licensor that the licensor owns the Licensed IP and Licensed Technology. While ownership should be obvious, it is difficult to predict what facts or claims may arise after the agreement is signed. It is good practice for a University to qualify its warranties as being made to the best of University's actual knowledge. Since information in possession of one officer, research or employee may be considered part of the University's knowledge, it may be prudent to limit the warranty to the actual knowledge of specific person, such as the head of the technology transfer office or a specific dean.

It may be easier to warrant ownership of Licensed IP since patents and copyrights define and limit what they cover and the laws provide for recording of ownership. Ownership of Licensed Technology is not as clear. Accumulated, unpatented knowledge can be Licensed Technology if, as far as the University knows, it is secret, and knowledge has value to the Licensee. The University can warrant ownership of the Licensed Technology but it cannot warrant exclusive rights to the Licensed Technology because others may hold and use the same information in secret.

Since copyrights lie in the original work, a University should be able to warrant it owns the copyrighted work if the University knows it was not copied from some other work.

12.2 Infringement Warranty

With respect to Licensed IP or Licensed Technology, it is difficult to warrant that the practice of the IP or use of the Technology will not infringe rights of a third party. First, in most case, the University does not know how the Licensee will implement the IP in a product or process or use the Technology. Also, the University cannot be expected to know of all patents or copyrights owned by Third Parties in all countries.

A warranty of noninfringement, therefore, must be qualified by actual knowledge. This may be express as “the University has not received any notice from a Third Party” that use of the IP or Technology infringes its rights. If the Licensee considers a warranty conditioned on notice, then the warranty should be conditioned on actual knowledge of infringement of patents or copyrights published before the Effective Date in certain defined countries.

12.3 Other Warranties

Other warranties that are usual in a license are:

1. that none the Licensed IP and Licensed Technology is subject to any pending litigation;
2. the none the Licensed IP and Licensed Technology is subject to any agreement or option entered into by the licensor that would conflict with the exclusive rights granted to License; and²³⁷
3. that none the Licensed IP and Licensed Technology is not encumbered by a lien or mortgage.²³⁸

In conjunction with warranty provisions are general provisions disclaiming all other warranties. Such disclaimers are in clauses 13.3 and 13.4 in the Exclusive Technology License template and comparable provisions in the other templates.

13. CONFIDENTIAL INFORMATION

Since Licensed Technology only has value as long as it is not in the Public Domain, a license must contain provisions requiring a Licensee to maintain it as Confidential Information.

Refer to Guidelines 02 Confidentiality Agreements.

14. PUBLICATIONS

Connected with the obligation of the confidentiality is the ability to publish. Typically, a license will manage publications in a way not unlike the way this may be dealt with in a Research Agreement.

See sections 3.09, 3.10 and 3.11 in Guidelines 06 Research Agreements.

²³⁷ As mentioned above, in some countries a preexisting nonexclusive license is not in conflict with a subsequent exclusive license. A warrant in that case should be that University has not granted rights to a Third Party under any Licensed IP or Licensed Technology.

²³⁸ Since liens and mortgages normally do not interfere with granting licenses and exploiting those licenses, this warranty may be unnecessary. It would be appropriate were the Licensee buying the Licensed IP.

15. STUDENTS

Publications by students and a student thesis are normally dealt with in the same manner as in a Research Agreement.

See section 3.11 in Guidelines 06 Research Agreements.

16. INFRINGEMENT

Where applicable law allows an exclusive licensee to enforce the licensed IP against third parties, the IP owner, such as a university, must consider the consequences of that right. The license is for commercialization and exclusivity generally benefits commercialization. Giving the licensee the ability to enforce exclusivity may enhance commercialization and therefore the return to the university. But, in some countries, the United States being one, the owner of the licensed IP must be a party to an enforcement action by an exclusive licensee. The university may wish to avoid being forced into an enforcement litigation by imposing some limits of the licensee's ability to initiate an enforcement action. Aside from the legal structure, the university may wish to control enforcement to avoid placing the licensed IP at risk of being invalidated. Since, in any enforcement action, the owner will have to cooperate in some manner, the templates address the situation and address allocation of costs and any recovered damages from such enforcement. See Clause 9.3.

An exclusive licensee generally has the standing to commence infringement proceedings against an infringer of the Licensed IP or one who misappropriates Licensed Technology. But, there may be competing interests between the parties. The IP and Technology is the property of the University, and the University wants to protect it by controlling when and against whom it is asserted. An exclusive Licensee will consider such control an infringement on its exclusive rights; since infringement directly impacts the Licensee's ability to Commercialize the IP or Technology, the Licensee wants control.

Often the interests are balanced by giving the University a first right to enforce the IP and, if the University refuses, the Licensee may enforce. In practice, by imposing the costs of enforcement on the party that initiates it, the Licensee winds up with control since the University normally does not want to incur the cost.

The parties, of course, must cooperate with each other in enforcements proceedings. Whether this means that both the University and the Licensee must be parties in the enforcement proceeding depends on the law where the enforcement occurs. Some universities in the United States, for example, would be necessary parties in an enforcement proceeding but cannot be compelled to join in proceeding outside its home jurisdiction.

The agreement should also allocate any recoveries received from the enforcement. The templates provide that if the University controls the proceeding, the University retains all recoveries. If the Licensee controls the proceedings, the University is entitled to a share of damages received equal to what it would have received had the infringer been licensed under the same terms as the agreement. But, since damages awarded could be less than the amount the University would have received if the infringer had been license, the provision (clause 9.3(d)) provides for the lesser of that amount or 50% of the net damages after recovery of costs.

17. INSURANCE

Typically, a license requires a licensee to take out product liability insurance for a minimum amount per claim specified in a license and to maintain the insurance policy.

18. RELEASE

Typically, a license will contain a release by the licensee in favour of the licensor, excluding the licensor from any liability in relation to the commercialisation and use of the Technology. The rationale for such a release is that a licensee makes the commercial decision to commercialise, relying upon its own due diligence, and does not rely upon any representation by the licensor. In relation to a release see section 3.12 Guidelines 06 Research Agreements.

20. INDEMNITY

A licensee will indemnify the licensor against any claims by any other person in relation to the commercialisation and use of Technology. This is intended to protect the University from any product liability claim that is made. In relation to indemnities see section 3.12 Guidelines 06 Research Agreements.

21. TERMINATION

Licenses must have a specified term after which it expires and termination clauses. A typical termination provision provides. There are usually two types of termination clause. One permits termination for breach of the agreement and the other permits termination if certain specific events occur.

Termination for breach must provide a process by which termination is effected and a time during which the breaching party may cure the breach to avoid termination. The typical process requires the aggrieved party to give the breaching party written notice of the breach. Then, if the breach is not cured within a stated period, such as 30 days, the aggrieved party may terminate by written notice to the breaching party.

In some countries, the law does not permit termination for any breach. The law protects parties to a contract by limiting termination to material breaches of the contract. Thus, if the Licensee is late once in paying royalties, it would not be material, but if the Licensee were late in paying for four consecutive payment cycles, it might be material sufficient to justify termination. For this reason, the parties may specify in the agreement what breaches would be material, e.g., "The parties agree that timely payment of royalties is material."

Some events present a such a serious risk to the relationship created by the agreement that termination without notice and cure opportunity is justified. The classic event is insolvency of a party. Usually the events are those that could not be cured.

The agreement should also provide for what happens upon termination. Typically, this includes return of Confidential Information to the other party. The provision may also specify whether sublicenses will terminate or continue. The provision may also include general statement that the parties must still perform any obligations that accrued prior to termination, such as payment of royalties on sales that occurred before termination.

22. GOVERNING LAW

See section 3.13 Guidelines 06 Research Agreements.

GUIDELINES 09 - COPYRIGHT LICENSE AGREEMENT

1. INTRODUCTION

1.1 Purpose of Guidelines

These Guidelines accompany the Copyright License Agreement template, and is intended to assist in the use of that template agreement.

1.2 Words Employed

Capitalised words and phrases employed in these Guidelines have the same meaning as in the Copyright License Agreement template.

1.3 Footnotes

The Copyright License Agreement template contains many footnotes that provide guidance on choices and selections that need to be made to complete a license on each occasion a license is required.

2. WHAT IS A LICENSE ?

Refer to Guidelines 08 Section 2.

3. EXCLUSIVITY

Refer to Guidelines 08 Section 4.

4. TERRITORY

Refer to Guidelines 08 Section 6.

5. TERM

A license of a copyright works is often expressed as a fixed agreed duration, such as a stated number of years. This can be renewed if the parties agree.

6. SUB-LICENSING

Refer to Guidelines 08 Section 8.

7. WARRANTIES

Refer to Guidelines 08 Section 12, so far as it relates to copyright.

8. MORAL RIGHTS

Many, but not all countries recognise Moral Rights. Moral Rights are the following rights:

- (a) the right of attribution of authorship, which refers to the right of an author to be identified as the author of a copyright work,
- (b) the right of integrity of authorship, which refers to the right not to have a copyright work treated in a derogatory way, and
- (c) the right not to have authorship falsely attributed.

Moral rights are held by the authors or creators of the copyright work, and always stay with the author or creator. Moral rights cannot be sold or transferred. They are personal rights held by the author or creator. The owner of the copyright in the work does not hold these moral rights. While an owner of a copyright can sell and transfer the copyright, the copyright owner never acquires the author's or creator's moral rights. Moral rights arise at the same time as copyright arises, that is, upon the creation of a work, and last for as long as copyright lasts.

In some countries, Moral Rights cannot be waived. In others, they can be waived. Where they can be waived, it is not unusual for an employer to request those of its employees that were authors or creators of a copyright work to waive the employee's moral rights. This would permit the employer to publish the work anonymously and to make changes or alterations, or translations of the work. A waiver could also waive the right not to have a work falsely attributed, thereby permitting an employer to identify someone who is not the author, as the author of a work, but this would be unusual.

9. CONFIDENTIAL INFORMATION

Refer to Guidelines 02 Confidentiality Agreements.

10. INFRINGEMENT

Refer to Guidelines 08 Section 16, where the comments concerning Licensed IP apply equally in relation to copyright.

11. TERMINATION

Refer to Guidelines 08 Section 21.

12. GOVERNING LAW

See section 3.13 Guidelines 06 Research Agreements.

GUIDELINES 10 - INTER-INSTITUTIONAL LICENSE AGREEMENT

1. INTRODUCTION

1.1 Purpose of Guidelines

These Guidelines accompany the Inter-Institutional License Agreement template, and is intended to assist in the use of that template agreement.

1.2 Words Employed

Capitalised words and phrases employed in these Guidelines have the same meaning as in the Inter-Institutional License Agreement template.

1.3 Footnotes

The Inter-Institutional License Agreement template contains many footnotes that provide guidance on choices and selections that need to be made to complete a license on each occasion a license is required.

2. WHAT IS A LICENSE?

Refer to Guidelines 08 Section 2.

3. EXCLUSIVITY

Refer to Guidelines 08 Section 4.

4. TERRITORY

Refer to Guidelines 08 Section 6.

5. TERM

Refer to Guidelines 08 Section 7.

6. OWNERSHIP PROPORTIONS

Ownership Proportions is a term defined in clause 1.1, and is used to determine the proportion of Commercialisation Revenue that is disbursed to the licensing joint owner under clause 5.2.

Ownership proportions would usually have been determined in the Collaborative Research Agreement between the parties, pursuant to which the Technology arose. See Refer to Guidelines 06 Section 3.6, and in particular Models 4, 5, and 6 in Table 2 which is included in that paragraph.

7. WARRANTIES

Refer to Guidelines 08 Section 12.

8. CONFIDENTIAL INFORMATION

Refer to Guidelines 02 Confidentiality Agreements.

9. INFRINGEMENT

Refer to Guidelines 08 Section 16, where the comments concerning Technology apply equally in relation to copyright.

10. TERMINATION

Refer to Guidelines 08 Section 21.

11. GOVERNING LAW

See section 3.13 Guidelines 06 Research Agreements.