

## Appendix 1

# Revenue Sharing Agreement (template)

This Revenue Sharing Agreement (the "Agreement") is entered into by and between:

- (1) **DEBRA Austria** ("the Charity"). Am Heumarkt 27/1, 1030 Wien, Austria.
- (2) **XXXXX** ("the Institution"), XXXXXX.

The undersigned hereinafter each individually referred to as: "Party" and collectively as: "Parties".

### PREAMBLE:

- (A) XXXX.
- (B) The Research Project contributed towards the generation of certain Intellectual Property; see **Schedule 1**.
- (C) The Parties agree that the Institution should lead on the protection and commercialisation of the Intellectual Property but that the Institution shall share with the Charity a percentage of any revenue derived from such process in acknowledgement of the Charity's contribution, in a manner consistent with the Terms and Conditions of the Grant.
- (D) The Parties wish to formalise and clarify this arrangement on the terms below.

The Parties hereby agree as follows:

## 1. Definitions

- 1.1 In this Agreement the following words and phrases shall have the following meanings unless the context requires otherwise:

"Business Day" shall mean a day other than a day which is a Saturday, Sunday or public or bank holiday in [City, Country of Grantholder] or Vienna, Austria.

"Combination Package" shall mean a package containing the Intellectual Property bundled together with any other intellectual property that the Institution owns or is the beneficial owner (or otherwise has access to); OR, Intellectual Property containing intellectual/inventive contribution arising from a DEBRA funded Project and intellectual/inventive contribution arising from a project with a different source of project funding

"Combination Package Gross Revenue" shall mean all consideration received by Organisation from the commercial exploitation of the Intellectual Property in a Combination Package including licence fees, option fees, up-front fees, royalties,

minimum royalties or milestone payments, sub-licence initiation fees, or any other fixed sum payments received by the Organisation from the licensing or other disposition of the Intellectual Property in a Combination Package.

“Combination Package Net Revenue” shall mean Combination Package Gross Revenue multiplied by the WR, less Direct Costs and any taxes including, but not limited to, value added tax, sales, excise and withholding tax, imposed on Institution in connection with Gross Revenue which Institution is unable to offset or recover.

“Commencement Date” shall mean the date on which both Parties have signed (and had witnessed) this Agreement.

“Direct Costs” shall mean all external expenses incurred and paid by the Organisation in connection with the filing, prosecution and maintenance of the Intellectual Property including, but not limited to, official filing fees, agent costs, and reasonable legal and other advisory and consultancy fees. To avoid doubt, Direct Costs shall not include the Organisation’s internal costs relating to these activities, regardless of the legal constitution of the Institution’s technology transfer office. The Organisation may however retain a Technology Transfer Fee (calculated from Net Revenue). For the avoidance of doubt, the Organisation may not make deductions for salary or taxes in respect of the Organisation or the inventors or generators on the Intellectual Property.

“Grant” means the award made by the Charity to the Institution for the Grantholder to undertake the Research Project.

“Gross Revenue” shall mean all consideration received by Organisation from the commercial exploitation of the Intellectual Property pursuant to this Agreement, including licence fees, option fees, up-front fees, royalties, minimum royalties or milestone payments, sub-licence initiation fees or any other fixed sum payments received by the Institution from the licensing or other disposition of the Intellectual Property in forms including but not limited to monies, shares or options.

“Intellectual Property” or “IP” shall mean Materials, Patent Rights, Know-How, trademarks, service marks, registered designs, copyrights, database rights, design rights, confidential information (all generated or validated in the course of the Research Project), applications for any of the above, and any similar right recognised from time to time in any jurisdiction, together with all rights of action in relation to the infringement of any of the above.

“Know-How” shall mean unpatented technical information (including, without limitation, information relating to inventions, discoveries, concepts, methodologies, models, research, development and testing procedures, the results of experiments, tests and trials, manufacturing processes, techniques and specifications, quality control data, analyses, reports and submissions) that is not in the public domain.

“Materials” shall mean the biological or biochemical matter generated in the course of the Research Project (whether living or not), for example (without limiting the foregoing), viruses, cell lines, plasmids, new varieties or genetically modified organisms, such as mice or bacteria.

“MRC Technology” means a not-for-profit company registered in England under number 2698321 and limited by guarantee (registered charity 1015243), whose registered office is at 7<sup>th</sup> floor, Lynton House, 7-12 Tavistock Square, London WC1H 9LT (Company registration number 2698321).

“Net Revenue” shall mean Gross Revenue less Direct Costs and any taxes including but not limited to value added tax, sales, excise and withholding tax, imposed on the Organisation in connection with Gross Revenue that the Institution is unable to offset or recover.

“Organisation” shall mean the Institution together with the TTO.

“Patent Rights” shall mean (a) any national , regional or international patent application or patent, including any provisional patent application, (b) any patent application filed either from such a patent, patent application or provisional application or from an application claiming priority from any of these, including any divisional, continuation, continuation-in-part, provisional, converted provisional, and continued prosecution application, (c) any patent that grants from any of the foregoing patent applications ((a) and (b)), including any utility model, petty patent, design patent and certificate of invention, (d) any extension or restoration by existing or future extension or restoration mechanisms, including any revalidation, reissue, re-examination and extension (including any supplementary protection certificate and the like) of any of the foregoing patents or patent applications ((a), (b) and (c)), and (e) any similar rights, including so-called pipeline protection, or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any such foregoing patent application or patent.

“Research Project” shall mean the project which received funding from the Charity.

“Technology Transfer Fee” shall mean the sum retained by the Organisation, calculated as 30% of each €1 of Net Revenue up to the first €100,000 of Net Revenue, plus 25% of each €1 of Net Revenue between €100,001 and €500,000 of Net Revenue plus 20% of each €1 of Net Revenue over €500,000.

“TTO” shall mean Technology Transfer Office (or equivalent body or person).

“Weighting Ratio” or “WR” shall mean the reasonable inventive relative weighting given by Institution in good faith to each technology/intellectual property included in the Combination Package as a contribution to the whole. See also guidance note in **Schedule 2**.

## **2. Intellectual Property ownership**

- 2.1 The Institution is responsible for ensuring that the Institution inventors or generators or authors of the Intellectual Property, who they control, assign their rights in the Intellectual Property to the Institution, in order to enable the Institution to properly exploit the Intellectual Property.
- 2.2 Subject to Clause 4.9, the Institution is responsible for ensuring that the Institution has all the necessary rights to comply with this Agreement and subject to third party rights, and is able to distribute the Materials (if any) for commercial and non-commercial purposes.
- 2.3 The Institution hereby grants to the Charity a non-exclusive, sub-licensable (through multiple tiers) license to use the Intellectual Property solely in academic or not-for-profit research.
- 2.4 For clarity, the Institution may transfer or assign or license the Intellectual Property to a technology transfer company for the purpose of distributing or commercialising this Intellectual Property. However, such transfer of rights must not be to the detriment of the Charity's rights or the terms and conditions of the Grant.

### **3. Intellectual Property and expenses**

- 3.1 The Parties agree that the Institution shall have sole responsibility and authority to manage and execute the duties required for the filing, prosecution and maintenance of the Intellectual Property, including the Patent Rights. The Institution shall keep or shall procure that their agents keep all notices, applications and correspondence filed in connection with the Intellectual Property, and shall provide copies of such documents to the Charity or their agent on reasonable request.
- 3.2 Direct Costs shall be paid by the Institution and will then be deducted from Gross Revenue and/or Combination Package Gross Revenue.
- 3.3 If, at any time, the Institution decides to abandon in any territory any or all patent applications or patents included in the Patent Rights ("Patent Rights for Abandonment"), the Institution shall notify the Charity of its intention at least sixty (60) days prior to the date any Patent Office action concerning the Patent Rights for Abandonment is due and shall offer to assign the Patent Rights for Abandonment to the Charity. If the Charity wishes to receive assignment of the Patent Rights for Abandonment, the Charity will be responsible for all further costs arising from the Patent Rights for Abandonment and the Parties will negotiate a separate assignment and revenue sharing agreement that specifies the rights each Party shall have in relation to the Patent Rights for Abandonment and any related data or information.
- 3.4 In the event the Intellectual Property rights are infringed by a third party, the Institution shall have the sole right to defend the Intellectual Property rights and shall do so at its own cost but shall not be obliged to do so. However, the Institution shall not issue a claim or threaten to issue a claim against a charitable or not-for-profit organisation without the express approval of the Charity.

### **4. Exploitation**

- 4.1 Subject to Clause 2.4, prior to granting any rights under the Intellectual Property to any third party, the Institution shall provide to the Charity or its agent on a confidential basis in such reasonable detail as may be requested details of the proposals for the exploitation of the Intellectual Property including where applicable the identity of any proposed licensee or assignee of the Intellectual Property and the intended terms under which such rights will be granted.
- 4.2 The Institution shall take into account in its negotiations with any such third party any representations made by the Charity or its agent bearing in mind the legitimate interest of the Charity in such negotiations as a potential Institution of a share of Net Revenue or of Combination Package Net Revenue.
- 4.3 Subject to the obligations in Clauses 4.1, 4.2 and 4.5, the Institution will have the sole responsibility to exploit the Intellectual Property commercially in any manner it decides including, but not limited to, licensing, selling and assigning in exchange for consideration. The decision whether or not to conclude any agreement in relation to such commercial exploitation shall be matters for the sole discretion of the Institution. Any agreement made by the Institution in relation to exploitation of the Intellectual Property shall adequately also reflect the obligations imposed by the Grant Terms and Conditions, and any supplementary provisions in the Award Letter.
- 4.4 The Institution shall provide the Charity or its agent on a confidential basis with copies of all agreements related to the Intellectual Property. For clarity, and without limiting the foregoing, this shall include administration agreements, assignments, licenses, and sublicenses granted under the Intellectual Property.
- 4.5 If the Institution elects not to exploit the Intellectual Property commercially it will notify the Charity (within a reasonable period of time) and the Charity will inform the Institution of whether it, or a third party acting as the Charity's agent, wishes to be

granted the right of exploitation, and if so, the Parties will meet to agree upon the best way to proceed, and in accordance with the terms and conditions of the Grant.

- 4.6 Subject to third party rights, the Institution agrees to make freely available the Materials and associated Know-How for academic or not-for-profit research, to the maximum extent possible. To that end, the Institution may deposit the Materials in an appropriate repository, for subsequent onward distribution.
- 4.7 The Institution agrees to use the Intellectual Property in a lawful manner according to applicable law and any associated guidelines and guidance. In relation to Materials, the Institution agrees to act (and shall require that any assignee or licensee acts) with the utmost care in terms of human and animal health, wellbeing and ethics.
- 4.8 Where the Intellectual Property is to be licensed or assigned as part of a Combination package, the Institution shall determine an appropriate and reasonable WR, in accordance with the custom and practice of reasonable technology transfer offices. The Institution shall consult with the Charity or its agent in making a determination of an appropriate WR.
- 4.9 The Parties recognise that in the case of jointly generated Intellectual Property (i.e. the Institution and a third party organisation), the Institution may not be the party leading on the exploitation of the Intellectual Property. In such a situation, the Institution may assign or license its rights in the Intellectual Property to the joint owning organisation (in exchange for an appropriate and equitable revenue share). The Institution shall notify the Charity of such circumstances. Moreover, the provisions on revenue sharing in Clause 5 shall apply only to the consideration actually received by the Institution. Moreover, the Institution shall ensure that any agreement with a joint owning third party in respect of the Intellectual Property does not prejudice the rights of the Charity in any way.

## 5. Revenue sharing

- 5.1 The Parties shall share all Net Revenue received from the exploitation of the Intellectual Property (**Schedule 1**), in the proportion of fifty percent (50%) to the Organisation and fifty percent (50%) to the Charity. Note: see **Schedule 2**.
- 5.2 In the event that the Intellectual Property is exploited through a Combination Package, the Parties agree to share all Combination Package Net Revenue in the proportion of fifty percent (50%) to the Organisation and fifty percent (50%) to the Charity.
- 5.3 The Institution will be solely responsible for distributing its share of the Net Revenue or Combination Package Net Revenue to researchers who contributed to the Intellectual Property in accordance with any policy of Institution, subject to the terms of this Agreement.
- 5.4 **Schedule 2** provides worked examples and additional guidance to assist the Institution and their Technology Transfer Office in complying with the provisions of this Clause 5.

## 6. Records and payments

- 6.1 The Institution shall keep complete and accurate accounts of all Direct Costs plus Gross Revenue and/or Combination Package Gross Revenue. Institution shall make these accounts available on reasonable notice for inspection and verification during business hours by an independent professionally qualified accountant nominated by the Charity and reasonably acceptable to Institution. The Charity shall be responsible for the accountant's charges unless the accountant finds an underpayment of at least five percent (5%) between sums due and sums paid to the Charity since the last

most recent inspection, or if none, the Commencement Date, in which event the Institution shall pay such charges together with any sums owing to the Charity.

- 6.2 The Institution, within thirty (30) days after 31 March each year, shall provide the Charity with a statement setting out Gross Revenue or Combination Package Gross Revenue received and Direct Costs incurred during the previous twelve (12) month period (or since the Commencement Date if such period is less than twelve (12) months), together with the value of the Net Revenue or Combination Package Net Revenue arising therefrom. If no revenue shall be due to the Charity, the Institution shall so report. On receipt of such statement from the Institution the Charity shall issue the Institution with an invoice for any payment due to the Charity, which will be paid by the Institution in accordance with the instructions set out in the Charity's invoice.
- 6.3 In the event that the Institution is obliged by law to deduct tax from any payment to the Charity under this Agreement, it shall provide the Charity with documentary evidence of such deduction and shall assist the Charity to seek relief under a double taxation agreement or other applicable agreements.

## **7. Confidentiality**

- 7.1 The Charity will use all reasonable endeavours to keep confidential all information relevant to the Intellectual Property and all information provided under Clause 4 which is in the Charity's possession, and which is not disclosed by the Institution.
- 7.2 The Charity may disclose the information referred to in Clause 7.1 to a third party that is acting as its agent provided that such third party is bound by obligations of confidentiality no less protective of Institution's rights than this Agreement. Note: See also Clause 12.8.
- 7.3 Each Party agrees not to use or refer to this Agreement in any promotional activity, or use the names or marks of the other Party without the prior written consent of the other Party.
- 7.4. The Charity and the Institution shall refrain from doing anything that might obstruct any patent filing.

## **8. Term**

This Agreement shall come into force and effect on the Commencement Date and shall remain in force and effect until terminated by operation of law or by acts of the Parties in accordance with the terms of this Agreement.

## **9. Termination**

- 9.1 Either the Institution or the Charity may terminate this Agreement by notice in writing if the other Party commits a substantial breach of this Agreement which in the case of a breach capable of remedy will not have been remedied within thirty (30) days of the receipt by the Party in default of notice identifying the breach and requiring its remedy.
- 9.2 Expiry or termination of this Agreement by either Party for any reason shall not affect the rights and obligations of the Parties accrued prior to expiry or termination and shall not affect rights or obligations, including but not limited to, Clauses 1, 4, 5, 7, 9.2, 10, 11 and 12, which expressly or by implication are intended to continue or come into force on or after such expiry or termination.



## **10. Warranties and liabilities**

- 10.1 Each Party warrants that it has the right to enter this Agreement.
- 10.2 No warranty is provided by either Party that the Intellectual Property does not infringe any intellectual property of a third party.
- 10.3 The Institution will during and after the period of this Agreement, indemnify and hold harmless the Charity and its employees and agents against all liability, loss, damage, cost or expense which may result directly from the use or commercialisation of the Intellectual Property.

## **11. Law and Jurisdiction**

### **11.1 Governing law**

- 11.1.1 The validity, construction and performance of this Agreement shall be interpreted in accordance with English Law (without reference to its conflict of laws principles).

### **11.2 Mediation and Arbitration**

- 11.2.1 The Parties shall resolve any dispute or claim arising out of or in connection with this Agreement in accordance with the following procedure.
  - i. The Parties shall first attempt to amicably resolve the matter through negotiations between senior executives of the Parties, who have authority to settle the same. If the matter is not resolved by such negotiation within thirty (30) days of receipt of a written 'invitation to negotiate', the Parties will resolve the matter in good faith through mediation and arbitration.
  - ii. Any dispute, controversy or claim arising under, out of or relating to this Agreement and any subsequent amendments of this Agreement, including, without limitation, its formation, validity, binding effect, interpretation, performance, breach or termination, as well as non-contractual claims, shall be submitted to mediation in accordance with the WIPO Mediation Rules. The place of mediation shall be Vienna, Austria. The language to be used in the mediation shall be English.
  - iii. If, and to the extent that, any such dispute, controversy or claim has not been settled pursuant to the mediation within 60 (sixty) days of the commencement of the mediation, it shall, upon the filing of a Request for Arbitration by either party, be referred to and finally determined by arbitration in accordance with the WIPO Expedited Arbitration Rules.
  - iv. Alternatively, if, before the expiration of the said period of 60 (sixty) days, either party fails to participate or to continue to participate in the mediation, the dispute, controversy or claim shall, upon the filing of a Request for Arbitration by the other party, be referred to and finally determined by arbitration in accordance with the WIPO Expedited Arbitration Rules. The arbitral tribunal shall consist of a sole arbitrator.
  - v. The place of arbitration shall be Vienna, Austria. The language to be used in the arbitral proceedings shall be English.

## **12. Miscellaneous**

### **12.1 Assignment**

- 12.1.1 Neither Party shall assign nor transfer any interest in this Agreement, nor assign any claims for money due or to become due during this Agreement, without prior written approval of the other Party.

## 12.2 Notices

12.2.1 Any legal notice required to be given under this Agreement shall be given by letter, with all delivery charges prepaid and addressed to the Parties as follows:

In the case of the Charity:

For the attention of:

Dr Rainer Riedl

Address: Am Heumarkt 27/1, 1030 Wien, Austria

In the case of the Institution:

For the attention of: \*\*\* \*\*

Address: \*\*\*

With a copy to:

\*\*\*

With a copy to:

Director of Corporate Partnerships

Address: MRC Technology, Lynton House, 7-12 Tavistock Square, London WC1H 9LT

12.2.2 For clarity, the Parties may change the address for legal notice at any time, following notice being given in accordance with Clause 12.2.1.

12.2.3 Any notice so given shall be deemed to have been served:

- (a) in the case of delivery by hand, when delivered; or
- (b) in the case of sending by registered post:
  - (i) when delivered and signed for, if a Business Day, and if not a Business Day, on the following Business Day.
- (c) in the case of sending by courier:
  - (i) when delivered, if a Business Day, and if not a Business Day, on the following Business Day.

## Changes and amendments

12.3 No amendment, consent or waiver of terms of this Agreement shall bind either Party unless in writing and signed by all parties. Any such amendment, consent, or waiver shall be effective only in the specific instance and for the specific purpose given.

## Severability of provision

12.4 If any provision of this Agreement is declared void or unenforceable by any judicial or administrative authority, this will not *ipso facto* nullify the remaining provisions of this Agreement and the provision of this Agreement so affected will be curtailed and limited only to the extent necessary to bring it within the legal requirements.

## Force majeure

12.5 No failure or omission by either Party to carry out or to observe any of the terms or conditions of this Agreement will give rise to any claim against the Party in question or be deemed a breach of this Agreement if such failure or omission arises from any cause beyond the reasonable control of that Party.



## Entire agreement

- 12.6 This Agreement embodies the entire agreement between the parties as to the subject matter hereof and merges all prior discussions and no provision of this Agreement may be changed except by the mutual written consent of the parties.

## Third party rights

- 12.7 To the maximum extent permissible by law (unless this Agreement states otherwise), any other third party right is excluded from applying to this Agreement.

## Agency

- 12.8 Nothing in this Agreement creates, implies or evidences any partnership or joint venture between the Parties, or the relationship between them of principal and agent. Neither Party has any authority to make any representation or commitment, or to incur any liability, on behalf of the other. However, the Parties recognise that the Charity may use a technology transfer/intellectual property management agent. At the time of this Agreement, that agent is MRC Technology (as defined above).

## Discrepancies

- 12.9 In the event of any discrepancy between the terms and conditions of this Agreement and the terms and conditions of the Grant, the terms and conditions of this Agreement shall take precedence.

## Interpretation

- 12.10 This Agreement must be read and construed in the context of the Terms and Conditions of the Grant and any associated Award Letter. However, in the event of irreconcilable difference, the terms and conditions of this Agreement shall take precedence.

---

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed by their authorised signatories.

Signed for and on behalf of **the Charity**:

Signature..... Date.....

Name (Printed)..... Title.....

Signed for and on behalf of **Institution**:

Signature..... Date.....

Name (Printed)..... Title.....

## Schedule 1 (Intellectual Property)

INSERT DETAILS HERE

## Schedule 2 (Revenue Sharing)

According to the Terms and Conditions of the Grant, the revenue share due to the Charity is 50% of the relevant income (Clause 5 of this Agreement).

Examples	Calculation	Charity's share of revenue	Organisation's share of revenue
<b>Example 1</b> (Where only charity funding led to IP and/or Materials being licensed to a third party)	In this example, we assume <u>the Charity's grant funding was the sole source of funding that led to income arising from commercialisation of IP and/or Materials.</u> Note: Only Project Funding is taken into account as relevant financial contribution to the project for this calculation. Thus, the Charity's share of income is 50% of 100%, which is 50%	50%	50%
<b>Example 2</b> (Where Charity funding and third party funding led to IP and/or Materials being licensed to another third party)	In this example, we assume <u>the Charity's grant funding was not the sole source of funding that led to income arising from commercialisation of IP and/or Materials.</u> Note: Only Project Funding is taken into account as relevant financial contribution to the project for this calculation. In this example, we assume the Charity contributed towards 25% of the project funding. For clarity, the Institution shall distribute revenues due to third party funders, from the Institution's share of revenue. Thus, the Charity's share of revenues ought to be 50% of 25%, which is 12.5%	12.50%	87.50%
<b>Example 3</b> (Where IP and/or Materials generated from Charity funding was licensed together with other IP in a Combination Package )	In this example, the Charity contributed 25% to the first component of IP (as in example 2 above), but, is combined with a second piece of (non-Charity) IP. In this case a fair weighting has to be determined by the Institution (see note below). If the weighting is determined to be 80:20 in favour of the Charity, then the revenue due will be adjusted accordingly: In this example, the Charity funded IP contributes 80% of the inventive contribution of the licensed package of IP. Thus, the Charity's share of revenues ought to be 80% of 12.5%, which is 10%.	10%	90%

**In this Schedule 2:** Project Funding means directly incurred costs only, i.e. costs arising as a direct result of the specific piece of research, including staff, travel and subsistence, consumables and equipment. For clarity, Project Funding excludes directly allocated costs, estates costs, and indirect (overhead) costs.

**Note on calculating the Weighting Ratio (WR):**

It is plausible that the Institution may wish to license a package of Intellectual Property (IP) to a third party for commercial exploitation. That package of IP may contain the Charity-funded IP that is the subject of this Agreement, plus additional IP that was generated independently.

For example, the package of licensed IP may contain a Charity-funded patent (or know-how) plus a patent (or other IP or know-how), which exemplifies particular claims in the original Charity-funded patent. To calculate the WR, one must consider the relative inventive contribution of each component in the package of licensed IP.

Thus, where the Charity funded the generation of data which contributed to a main patent application with broad claims, the inventive contribution may be, for example, 80% of a licensed package, and a subsequent patent application (or other IP), which exemplifies a number of claims, might have a relative inventive weight of 20% of that licensed package.

Consequently, where the Charity funded the whole of the research that gave rise to the first component of IP, the revenue share due to the Charity would be reduced by 20%, in the example given above.

For clarity, where the Charity funded only part of the research which gave rise to the first component of IP, the revenue share due to the Charity should be normally be reduced *pro rata* according to project funding, used up to the date of patent filing, before going on to calculate any further reduction that may be necessary to the Charity revenue share, due to that component of IP being licensed as a package, with other non-Charity IP.