



property ("Asset Sale"), (b) the sale or other transfer by the owners of the Licensee of Shares representing at least a majority of the Licensee's then outstanding voting power ("Stock Sale"), or (c) the merger, share exchange or other reorganization into or consolidation with any other entity ("Merger). Notwithstanding the foregoing, a transaction shall not be deemed a Change of Control if the sole purpose of the transaction is to change Licensee's state of incorporation or to create a new corporate entity structure that will be owned in substantially the same proportions by the Owners who held Licensee's Equity Interests (as defined in Section 1.5 below) immediately prior to such transaction.

- 1.4 **"Commercially Reasonable Best Efforts"** shall mean that Licensee shall use best efforts consistent with those used by comparable companies of similar size at a similar stage in the United States of America ("**US**") in research and development projects for methods or compositions considered to have commercial value and risk reasonably comparable to the Licensed Technology (as defined in Section 1.10 below).
- 1.5 **"Equity Interests"** shall mean any of the following forms of ownership interests in the Licensee: (a) capital stock (e.g., common or preferred) or any other equity interest in the Licensee (each such equity interest is referred to herein, for convenience, as "Shares"); (b) any warrants, options or other rights to subscribe for or to acquire, directly or indirectly, Shares of Licensee, whether or not then exercisable or convertible; (c) bonds, notes, debentures, securities or other equity interest in Licensee which is convertible into or exchangeable for, directly or indirectly, Shares of Licensee, whether or not then exercisable or convertible; and (d) any equity interest issued or issuable, directly or indirectly with respect to the securities referred to in clauses (a), (b) or (c) above by way of any dividend, split or other distribution. For the avoidance of doubt, Equity Interests shall not include shares of beneficial interest (e.g., membership interests, units or partnership interests).
- 1.6 **"Field"** shall mean \_\_\_\_\_.
- 1.7 **"Intellectual Property Rights"** means the Patent Rights and Know-How, collectively.
- 1.8 **"Know-How"** means any University-owned technical information, know-how, processes, procedures, compositions, devices, methods, formulas, protocols, techniques, designs, drawings or as described in Exhibit B (a) existing as of the Effective Date, (b) not covered by a Valid Claim, and (c) useful or necessary to make, have made, use or sell the Licensed Technology in the Field.
- 1.9 **"Licensee"** shall mean \_\_\_\_\_ and any subsidiary entity it directly controls.
- 1.10 **"Licensed Technology"** shall mean any product or part thereof or service which is:
- (a) Covered in whole or in part by a Valid Claim in the country in which any such product or part thereof is made, used or sold or in which any such service is used or sold;
  - (b) Manufactured by using a process or is employed to practice a process which is covered in whole or in part by a Valid Claim in the country in which any such process that is included in Licensed Technology is used or in which such product or part thereof or service is used or sold; or

- (c) Manufactured by or otherwise makes use of Know-How.
- 1.11 "**Liquidation Event**" shall mean any transaction or series of related transactions resulting in the liquidation, winding up or dissolution of Licensee.
- 1.12 "**Net Sales**" shall mean Licensee's and any sublicensee's invoice price for products or services included in Licensed Technology and produced hereunder less the sum of the following:
- (a) Actual cost of freight charges or freight absorption, separately stated in such invoice;
  - (b) Actual trade, quantity or cash discounts allowed, if any; and
  - (c) Sales taxes, tariff duties and/or use taxes separately stated on each invoice.
- 1.13 "**Non-Commercial Education and Research Purposes**" shall mean use of Intellectual Property Rights (including distribution of biological materials covered by the Intellectual Property Rights in the Field for academic research or other not-for-profit scholarly purposes which are undertaken at a non-profit or governmental institution that does not use the Intellectual Property Rights in the production or manufacture of products for sale or the performance of services for a fee.
- 1.14 "**Non-Royalty Sublicense Income**" shall mean execution fees, maintenance fees, milestone fees and all other non-royalty payments received by Licensee from its sublicensees pursuant to any sublicense granted pursuant to Section 2.4 hereunder.
- 1.15 "**Owner(s)**" shall mean an owner or several owners of Equity Interests in Licensee as set forth in Schedule 1 attached hereto and incorporated herein by this reference.
- 1.16 "**Patent Rights**" shall mean University intellectual property described below and assigned to University:
- (a) The US and foreign patents and/or patent applications listed in Exhibit A;
  - (b) Any non-provisional patent applications that claim priority to any provisional patent application listed in Exhibit A;
  - (c) Any and all foreign patent applications, foreign patents or related foreign patent documents that claim priority to the patents and/or patent applications listed in Exhibit A;
  - (d) Any and all divisionals, continuations, reissues, re-examinations, renewals, substitutions, and extensions of the foregoing; and
  - (e) Any and all patents issuing from the foregoing.
- 1.17 "**Territory**" shall mean \_\_\_\_\_.
- 1.18 "**Valid Claim**" means a claim of (a) an issued and unexpired patent included within the Patent Rights which has not been held unenforceable or invalid by a final, unreversed, and unappealable decision of a court or other governmental body of competent jurisdiction, has not been irretrievably abandoned

or disclaimed, or has not otherwise been finally admitted or finally determined by the relevant governmental authority to be invalid, unpatentable or unenforceable, whether through reissue, reexamination, disclaimer or otherwise; or (b) a pending patent application within the Patent Rights to the extent the claim continues to be prosecuted in good faith.

## ARTICLE 2 LICENSE GRANT

- 2.1 Exclusive License – Patent Rights. Subject to the terms and conditions of this Agreement, University hereby grants to Licensee, to the extent it may lawfully do so, the right and exclusive license in the Territory to make, have made, use and sell the Licensed Technology in the Field and to practice under the Patent Rights in the Field for the period of the Term (as defined in Section 10.1 below), unless the Agreement is terminated earlier in accordance with Article 10. Notwithstanding anything to the contrary in this Agreement, University reserves a royalty-free, nonexclusive right to practice under the Patent Rights and to use the Licensed Technology for Non-Commercial Education and Research Purposes in the Field.
- 2.2 Non-Exclusive License – Know-How. Subject to the terms and conditions of this Agreement, University hereby grants to Licensee, to the extent it may lawfully do so, the right and non-exclusive license to practice under the Know-How in the Field for the period of the Term, unless the Agreement is terminated earlier in accordance with Article 10.
- 2.3 US Government Rights. The license(s) granted under this Agreement is subject to the rights of the US government, if any, as set forth in 35 U.S.C. §200, *et seq.* Pursuant to this law, the US government may have acquired a nonexclusive, nontransferable, paid up license to practice or have practiced for or on behalf of the US the inventions described in the Patent Rights throughout the world. Pursuant to 35 U.S.C. §200, *et seq.*, Licensed Technology produced for sale in the US shall be substantially manufactured in the US (unless a waiver under 35 U.S.C. §204 is granted by the appropriate US government agencies).
- 2.4 Sublicenses.
- (a) Licensee shall have the right to enter into sublicensing arrangements for the rights, privileges and licenses granted hereunder upon prior written approval of each sublicensee by University, except that sublicensees shall not have rights to sublicense. Such sublicense agreements shall include a royalty rate upon sublicense Net Sales in an amount at least equal to the rate set forth in Section 4.1(c) below. Rights of any sublicensee shall terminate upon termination of this Agreement.
  - (b) Licensee agrees that any sublicense granted by it shall provide that the obligations to University of Articles 2, 7, 8, 9, 10, and 13 of this Agreement shall be binding upon the sublicensee as if it were party to this Agreement. Each sublicense granted by Licensee pursuant to this Agreement shall include an audit right by University of sublicensee of the same scope as provided in Section 5.2 below with respect to Licensee.
  - (c) Licensee agrees to forward to University a copy of any and all sublicense agreements promptly upon execution thereof, but in no event later than thirty (30) days after each such sublicense agreement has been executed by both parties thereto.

- 2.5 No Implied Licenses. The license granted hereunder shall not be construed to confer any rights upon Licensee by implication, estoppel or otherwise as to any intellectual property not specifically set forth in Exhibit A or B hereof.

### ARTICLE 3 DUE DILIGENCE

- 3.1 Commercially Reasonable Best Efforts. Licensee shall use Commercially Reasonable Best Efforts to bring the Licensed Technology to market as soon as practicable, consistent with sound and reasonable business practice and judgment, and to continue active, diligent marketing efforts for the Licensed Technology throughout the Term of this Agreement.
- 3.2 Milestones. In addition, Licensee shall adhere to each milestone ("*Milestone*") as set forth on Exhibit C attached hereto and incorporated herein by this reference.
- 3.3 Notification of Milestones. Licensee shall notify University in writing of the achievement of each Milestone within thirty (30) days of the achievement of the respective Milestone.
- 3.4 Failure to Meet Milestones. Licensee's failure to perform in accordance with either Section 3.1 or 3.2 above shall be grounds for University to terminate this Agreement in accordance with Section 10.2 hereof. If any Milestone listed in Exhibit C has not been completed within the time allotted following Commercially Reasonable Best Efforts of Licensee to meet such Milestone and through no negligence or willful fault of Licensee, as determined by the University in its sole and absolute discretion, Licensee shall not be deemed to be in breach of the terms of this Agreement by failure to achieve any such Milestone subject to Licensee making a penalty payment of Ten Thousand Dollars (\$10,000.00) within thirty (30) days of the scheduled Milestone date. In such case, in addition to the penalty payment required, Licensee and University shall negotiate in good faith a new, revised Milestone date for attainment of such missed Milestone. In negotiating such revised Milestone date, Licensee and University may negotiate other revised Milestone dates, as appropriate. If Licensee fails to meet any revised Milestone date, University may, in its sole and absolute discretion, terminate this Agreement and upon termination all rights and interest to the Licensed Technology and Patent Rights shall revert to University.

### ARTICLE 4 LICENSE CONSIDERATION

- 4.1 In consideration of the rights, privileges and license granted by University hereunder, Licensee shall pay to University royalties and other monetary consideration as follows:
- (a) Initial License Fee. An initial license fee, nonrefundable and noncreditable against royalties, of Five Thousand Dollars (\$5,000.00) due immediately and payable within ten (10) business days from the Effective Date of this Agreement.
- (b) Annual Maintenance Fee. An annual maintenance fee, nonrefundable and noncreditable against royalties, of Five Thousand Dollars (\$5,000.00) shall be due each year of this Agreement until the first Net Sales occur. The annual maintenance fee payments shall be paid on the anniversary of the Effective Date of the calendar year in which they are due.

- (c) Earned Royalties. Royalties shall be calculated as follows:
- (i) Five Percent (5.0%) of Net Sales of the Licensed Technology per calendar quarter for sales of products or services not requiring regulatory approval and covered by a Valid Claim;
  - (ii) Two and One Half Percent (2.5%) of Net Sales of the Licensed Technology per calendar quarter for sales of products or services not requiring regulatory approval and not covered by a Valid Claim, but covered by Know-How;
  - (iii) Two Percent (2.0%) of Net Sales of the Licensed Technology per calendar quarter for sales of products or services requiring regulatory approval (e.g., FDA or European Regulatory Authority) and covered by a Valid Claim; and/or
  - (iv) One Percent (1.0%) of Net Sales of the Licensed Technology per calendar quarter for sales of products or services requiring regulatory approval (e.g., FDA or European Regulatory Authority) and not covered by a Valid Claim, but covered by Know-How.

Royalty payments due pursuant to this Section 4.1(c) shall accrue upon invoice by Licensee or any sublicensee. Such royalties shall be calculated on a quarterly basis as of each March 31, June 30, September 30 and December 31 ("Quarter End Date"), commencing with the quarter in which the first Net Sales occur and continuing through the Term or termination of this Agreement or such later date as may be permitted under Section 10.4 below. Royalty payments shall be made to the University within thirty (30) days of the immediately preceding Quarter End Date.

- (d) Minimum Royalty. Beginning with the first Net Sales, a minimum royalty in the amount of Ten Thousand Dollars (\$10,000.00) per calendar year, but only to the extent such minimum royalty is greater than the aggregate annual earned royalty computed in accordance with Section 4.1(c) above. Minimum royalty payments due pursuant to this Section 4.1(d) shall be due as of each December 31 and shall be paid to the University within thirty (30) days thereof.
- (e) Non-Royalty Sublicense Income. A Ten Percent (10%) share of all Non-Royalty Sublicense Income. Non-Royalty Sublicense Income payments pursuant to this Section 4.1(e) shall be due immediately and paid within thirty (30) days after receipt of payment by Licensee from sublicensee.
- (f) Future Grant of Equity Interests. Licensee shall grant University Equity Interests representing five percent (5.0%) of the fully-diluted outstanding Shares of Licensee upon an equity financing of at least one million dollars (\$1,000,000) in one or a series of related transactions ("Future Equity Grant"). The Equity Interests issued to the University in the Future Equity Grant shall be the same class of equity security with the same rights, privileges and preferences as the equity issued in the relevant financing rounds, and the University will have the same rights and privileges as the most favored equity investors in the same or each round. The Future Equity Grant shall be issued pursuant to the terms

and conditions codified in a stock issuance agreement and/or a shareholders agreement executed between the parties and/or investors at the time of each equity issuance.

- (i) In the event of a Change of Control occurring prior to the Future Equity Grant and in lieu of such grant, a milestone payment shall be due and payable upon consummation of the Change of Control ("Change of Control Payment"). The Change of Control Payment shall be calculated as: three percent (3%) of Aggregate Consideration if such transaction occurs on or after the third anniversary of the Effective Date; or five percent (5%) of Aggregate Consideration if such transaction occurs within three (3) years of the Effective Date. The Change of Control Payments shall be due and payable upon the Change of Control closing date.
- (ii) For purposes of this Section, "*Aggregate Consideration*" shall mean an amount equal to:
  - (A) in the case of an Asset Sale, the sum of (1) all cash, and the fair market value of all securities or other property transferred to the Licensee at the time of the transaction, less all current and long-term liabilities (but not contingent liabilities) of the Licensee that are not discharged or assumed by the buyer (or its Affiliates) in connection with the Asset Sale, (2) the aggregate amount of liabilities of the Licensee discharged or assumed by the buyer and (3) the fair market value of any assets that are retained by the Licensee; or
  - (B) in the case of a Stock Sale, Merger or Liquidation Event, the sum of (1) all cash, and the fair market value of all securities and other property transferred to the Owners of the Licensee in return for their Equity Interests in the Licensee at the time of the transaction, and (2) the fair market value of any retained interest in the Licensee.

- 4.2 Payment Terms. All cash payments pursuant to this Agreement shall be made by check or by wire transfer in US Dollars without deduction or exchange, collection or other charges (including, but not limited to, any applicable wire transfer, transaction, and/or foreign translation fees) and directed to the address or, in the case of wire transfer, to the bank, set forth in Article 11 below.
- 4.3 Taxes. Taxes, including any withholding payments, imposed by any foreign, state or other governmental agency on any payment to be made to University by Licensee shall be paid by Licensee without deduction from any payment due to University hereunder.
- 4.4 Interest. The balance of any payments pursuant to this Agreement, including those specified in Section 6.2 below, which are overdue shall bear interest, compounded monthly, calculated from the due date until payment is received at the rate of eight percent (8%) per annum. Payment of such interest by Licensee shall not negate or waive the right of University to seek any other remedy, legal or equitable, to which it may be entitled because of the delinquency of any payment, including, but not limited to, termination of this Agreement as set forth in Article 10 hereof.
- 4.5 University Pricing. Licensee hereby agrees to sell products and/or services resulting from Licensed Technology to the University and its Affiliates upon request at such price(s) and on such terms and

conditions as such products and/or processes are made available to Licensee's most favored customer.

## ARTICLE 5 REPORTS AND AUDIT

- 5.1 Royalty Reports. Within thirty (30) days after each March 31, June 30, September 30 and December 31 of each year during the Term of this Agreement beginning in the year of the first commercial sale of Licensed Technology, Licensee shall deliver to University true, accurate and detailed royalty reports providing detailed information, in substantially the form illustrated in and attached as Exhibit D, including:
- (a) Number of Licensed Technology products manufactured and sold by Licensee and all sublicensees;
  - (b) Total billings for all such products;
  - (c) Accounting for all Licensed Technology services used or sold by Licensee and all sublicensees;
  - (d) Deductions set forth in Section 1.12;
  - (e) Total royalties due;
  - (f) Name and addresses of sublicensees; and
  - (g) Total Non-Royalty Sublicense Income received during such calendar quarter and total amount of payment due pursuant to Section 4.1(e).
- 5.2 Books and Records; Audit. Licensee shall keep full, true and accurate books of account, in accordance with generally accepted accounting principles, containing all information that may be necessary for the purpose of showing the amounts payable to University hereunder. Such books of account shall be kept at Licensee's principal place of business. Such books and the supporting data related thereto shall be open at all reasonable times for three (3) years following the end of the calendar year to which they pertain, and for three (3) years after the expiration or termination of this Agreement, for inspection by University or its representatives for the purpose of verifying Licensee's royalty statements, license payments due to University, and compliance in all other respects with the terms and conditions of this Agreement. The fees and expenses of University's representatives shall be borne by University; however, if an error of more than five percent (5%) of the total payments due or owing for any year is discovered, then Licensee shall bear the fees and expenses of University's representatives.
- 5.3 Progress Report. No later than sixty (60) days after December 31 of each calendar year during the Term of this Agreement, Licensee shall provide to University a written annual progress report, in substantially the form set forth in Exhibit E, describing Licensee's progress on research and development, regulatory approvals, manufacturing, sublicensing, marketing and sales, and satisfaction of Milestone(s) during the preceding twelve-month period ending December 31.

- 5.4 Inspection. Notwithstanding the above, University shall have the right, on an annual basis during the Term of this Agreement and for three (3) years after the expiration or termination of this Agreement, to inspect technical and other information from Licensee sufficient to evidence whether and to what extent Licensee is (a) practicing the Patent Rights and/or other University property licensed hereunder and (b) meeting its due diligence obligations under Article 3 above.
- 5.5 Commercial Sale. Licensee shall report to the University the date of the first commercial sale of a Licensed Technology within sixty (60) days of occurrence in each country.

## ARTICLE 6 PATENT PROSECUTION

- 6.1 Patent Prosecution and Maintenance. University has or shall apply for, seek prompt issuance of, and maintain during the Term of this Agreement the Patent Rights in the US, and in such foreign countries as may be designated by Licensee in a written notice to University within a reasonable time in advance of the required foreign filing dates. Licensee shall have the opportunity to advise and cooperate with University in the prosecution, filing and maintenance of such patents. Licensee shall notify University immediately if, at any time during the Term of this Agreement, Licensee or any of its sublicensees does not qualify as a "small entity" as provided by the US Patent and Trademark Office.
- 6.2 Patent Costs. All fees and costs, including attorneys' fees, relating to the filing, prosecution, maintenance, and post grant proceedings relating to the Patent Rights shall be the responsibility of Licensee, whether incurred prior to or after the Effective Date. Such fees and costs incurred by University prior to the Effective Date in the amount of \$ \_\_\_\_\_ ("Pre-agreement Expenses") shall be due quarterly and payable by Licensee to University in eight (8) equal quarterly installments in the amount of \$ \_\_\_\_\_ beginning six (6) months from the Effective Date of this Agreement. Fees and costs incurred after the Effective Date shall be paid by Licensee within thirty (30) days after receipt of University's invoice therefor. Additionally, Licensee shall be liable to University for all of University's out-of-pocket filing, prosecution, and maintenance costs (including all attorneys' fees and costs), for any and all patent prosecution and maintenance actions that will be taken by patent counsel after the Term of this Agreement but in response to any instructions that were sent during the Term of this Agreement from University to patent counsel relating to the Patent Rights. Payments pursuant to this Section 6.2 are not creditable against royalties or any other payment due to University under this Agreement.

## ARTICLE 7 INFRINGEMENT ACTIONS

- 7.1 Notice. Licensee shall inform University promptly in writing of any alleged infringement of the Patent Rights by a third party and of any available evidence thereof.
- 7.2 Infringement Actions. During the Term of this Agreement, Licensee shall have the right, but shall not be obligated, to prosecute at its own expense all infringements of the Patent Rights in the Field and in the Territory if Licensee has notified University in writing of its intent to prosecute; provided, however, that such right to bring such an infringement action shall remain in effect only for so long as the license granted herein remains exclusive. In furtherance of such right, University hereby agrees that Licensee may include University as a party plaintiff in any such suit, without expense to

University. The total cost of any such infringement action commenced or defended solely by Licensee shall be borne by Licensee and University shall receive a percentage of any recovery or damages for past infringement derived therefrom which is equal to the percentage royalty due University under Article 4. Licensee shall indemnify University against any order for costs that may be made against University in such proceedings.

- 7.3 University Prosecution. If within six (6) months after having been notified of any alleged infringement, Licensee shall have been unsuccessful in persuading the alleged infringer to desist and shall not have brought and shall not be diligently prosecuting an infringement action, or if Licensee shall notify University at any time prior thereto of its intention not to bring suit against any alleged infringer, then, and in those events only, University shall have the right, but shall not be obligated, to prosecute at its own expense any infringement of the Patent Rights, and University may, for such purposes, use the name of Licensee as party plaintiff. Licensee hereby makes, constitutes, and appoints, the University its true and lawful attorney, with full power of substitution, to make, sign, execute, certify, acknowledge, file and record any instrument deemed necessary or appropriate by the University to carry out fully the provisions of this Section 7.3 and to secure the proprietary interest of the University in the Patent Rights and/or Know-How. University shall bear all costs and expenses of any such suit. In any settlement or other conclusion, by litigation or otherwise, University shall keep any recovery or damages for past infringement derived therefrom.
- 7.4 Declaratory Judgment Actions. In the event that a declaratory judgment action alleging invalidity or infringement of any of the Patent Rights shall be brought against University, Licensee, at its option, shall have the right, within thirty (30) days after commencement of such action, to intervene and take over the sole defense of the action at its own expense.
- 7.5 Cooperation. In any infringement suit either party may institute to enforce the Patent Rights pursuant to this Agreement, the other party shall, at the request and expense of the party initiating such suit, cooperate in all respects and, to the extent possible, have its employees testify when requested and make available relevant records, information, samples, specimens, and other evidence upon request.

## ARTICLE 8 INDEMNIFICATION/INSURANCE/LIMITATION OF LIABILITY

- 8.1 Indemnification. Licensee shall at all times during the Term of this Agreement and thereafter indemnify, defend and hold University, its trustees, officers, faculty members, employees, students, representatives, agents and Affiliates (individually, an "Indemnified Party" and, collectively, "Indemnified Parties") harmless against all claims and expenses, including legal expenses and reasonable attorneys' fees, arising out of the death of or injury to any person or persons or out of any damage to property or the environment, and against any other claim, proceeding, demand, expense and liability of any kind whatsoever resulting from: (a) the production, manufacture, sale, use, lease, consumption or advertisement of the Licensed Technology; (b) the practice by Licensee or sublicensee of the Patent Rights and/or Know-How; or (c) arising from or relating in any way to this Agreement. Licensee shall provide this defense and indemnity whether or not any Indemnified Party, either jointly or severally, is named as a party defendant and whether or not any Indemnified Party is alleged to be negligent or otherwise responsible for any injuries to person or property. The obligation of Licensee to defend and indemnify as set forth herein shall survive termination of this Agreement and shall not be limited by any other limitation of liability elsewhere in this Agreement.

8.2 Insurance. In order to, among other things, protect Licensee and University in regard to events covered by Section 8.1 above, Licensee shall obtain and carry in full force and effect liability insurance, commencing no later than the Effective Date of this Agreement throughout the Term or earlier termination of this Agreement, as provided below:

| <u>COVERAGE</u>   | <u>LIMITS</u>   |
|---|---|
| (a) Commercial General Liability, (including, but not limited to, Contractual, Fire, and Personal Injury) | \$1,000,000 Each Occurrence and \$1,000,000 Aggregate   |
| (b) Products Liability  | \$5,000,000 upon first use of Licensed Technology in humans or first commercial sale, whichever is earlier. |

The University of Pittsburgh is to be named as an additional insured with respect to insurance policies identified in Sections 8.2(a) and 8.2(b) above. Certificates of insurance evidencing the coverage required above shall be filed with University's Innovation Institute, 1st Floor Gardner Steel Conference Center, 130 Thackeray Avenue, Pittsburgh, Pennsylvania 15260, no later than fifteen (15) days after execution of this Agreement and after limits are increased pursuant to Section 8.2(a) or (b), and on or before July 1 of each year during the term of this Agreement. Such certificates shall provide that the insurer will give University not less than thirty (30) days advance written notice of any material changes in or cancellation of coverage.

8.3 NO WARRANTIES. UNIVERSITY, AND ITS AGENTS AND/OR EMPLOYEES, MAKE NO REPRESENTATION AND EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND VALIDITY OF PATENT RIGHTS CLAIMS, ISSUED OR PENDING. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS A REPRESENTATION OR WARRANTY THAT THE PRACTICE BY LICENSEE OF THE LICENSE GRANTED HEREUNDER SHALL NOT INFRINGE THE PATENT RIGHTS OR OTHER PROPERTY RIGHTS OF ANY THIRD PARTY. UNIVERSITY ADDITIONALLY DISCLAIMS ALL OBLIGATIONS AND LIABILITIES ON THE PART OF UNIVERSITY, ITS TRUSTEES, OFFICERS, EMPLOYEES, STUDENTS, AGENTS AND/OR REPRESENTATIVES FOR DAMAGES, INCLUDING, BUT NOT LIMITED TO, DIRECT, INDIRECT, SPECIAL AND CONSEQUENTIAL DAMAGES, ATTORNEYS' AND EXPERTS' FEES, AND COURT COSTS (EVEN IF UNIVERSITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, FEES OR COSTS), ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING THE MANUFACTURE, USE OR SALE OF THE PRODUCT(S) AND SERVICE(S) LICENSED UNDER THIS AGREEMENT. LICENSEE ASSUMES ALL RESPONSIBILITY AND LIABILITY FOR LOSS OR DAMAGE CAUSED BY A PRODUCT THAT IS MANUFACTURED, USED OR SOLD BY LICENSEE OR SERVICES RENDERED BY LICENSEE (INCLUDING ANY SUBLICONSEE SALES OR SERVICES) WHICH IS LICENSED TECHNOLOGY HEREUNDER.

**ARTICLE 9  
ASSIGNMENT**

This Agreement is not assignable, by operation of law or otherwise, without the prior written consent of University and any attempt to do so shall be null and void.

**ARTICLE 10  
TERM AND TERMINATION**

- 10.1 Term. The term of this Agreement shall commence as of the Effective Date and continue through and including the last date of expiration or termination of all Valid Claims ("*Term*").
- 10.2 Termination for Cause. University shall have the right to terminate this Agreement, upon written notice, if:
- (a) Licensee defaults in the performance of any of the obligations herein contained and such default has not been cured within thirty (30) days after receiving written notice thereof from University;
  - (b) Licensee defaults in the performance of any other obligations due and owing to the University and such default has not been cured within thirty (30) days after receiving written notice thereof from University; or
  - (c) Licensee ceases to carry out its business, becomes bankrupt or insolvent, applies for or consents to the appointment of a trustee, receiver or liquidator of its assets or seeks relief under any law for the aid of debtors.
- 10.3 Termination for Convenience. Licensee may terminate this Agreement upon three (3) months prior written notice to University and upon payment of all amounts accrued or due to University through the effective date of termination, including patent cost reimbursement pursuant to Section 6.2 hereof.
- 10.4 Effect of Termination. Upon termination of this Agreement, neither party shall be released from any obligation that accrued prior to the effective date of such termination. Licensee and any sublicensee may, however, after the effective date of such termination, sell all Licensed Technology which Licensee produced prior to the effective date of such termination, provided that Licensee shall pay to University the royalties thereon as required by Article 4 hereof and submit the reports required by Article 5 hereof. The provisions of Section 5.2 and 4.1(f) with respect to the Future Equity Grant and Change of Control Payment shall survive the Term and termination of this Agreement and such obligations shall continue in full force and effect until such Future Equity Grant and/or Change of Control Payment are fully paid, performed, satisfied and discharged pursuant to Section 4.1(f).

**ARTICLE 11  
NOTICES AND INSTRUCTIONS**

- 11.1 Notice Requirements. Any notice or communication pursuant to this Agreement shall be sufficiently made or given if sent by certified or registered mail, postage prepaid, or by overnight courier, with

proof of delivery by receipt, addressed to the addressee at the address below or as either party shall designate by written notice to the other party, or if sent in accordance with Section 11.3 below.

In the case of University:

Innovation Institute  
University of Pittsburgh  
1st Floor Gardner Steel Conference Center  
130 Thackeray Avenue  
Pittsburgh, PA 15260  
Attn: Director

In the case of Licensee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11.2 Payment Instructions. Any cash payments to University hereunder by wire transfer shall be directed as follows:

Bank: Mellon Bank, NA, Pittsburgh, PA  
ABA Routing No.: 043000261-University of Pittsburgh  
Account No.: 0015510  
Mellon SWIFT Code: MELNUS3P (international transfers)  
Reference Code: Innovation Institute, Account - ljpriebe@innovation.pitt.edu - (412) 648-2241

The Licensee shall be responsible for all applicable fees and costs relating to any wire transfer (including, but not limited to, any applicable wire transfer, transaction, and/or foreign translation fees), without any deduction of such fees from amounts due to the University pursuant to this Agreement.

11.3 Invoices. All invoices to Licensee generated by University under this Agreement will be sent electronically, via e-mail, in PDF format, unless instructed otherwise by Licensee in writing.

**ARTICLE 12  
AMENDMENTS**

- 12.1 Authorized Amendments. This Agreement may not be amended or modified except by the execution of a written instrument signed by the Director of the University of Pittsburgh Innovation Institute or a designated University employee having signatory authority granted by the Board of Trustees or delegated signature authority granted by an authorized Officer of the University, and an authorized representative of Licensee.
- 12.2 Amendment Fee. In connection with any amendment or modification proposed by Licensee and accepted by the University, Licensee shall pay to University an amendment fee in the amount of Five Thousand Dollars (\$5,000.00), which amendment fee shall be due and payable by Licensee upon execution of such amendment unless the amendment fee is waived in advance in writing by University.

**ARTICLE 13  
MISCELLANEOUS**

- 13.1 Governing Law; Venue. This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania. The forum for any action relating to this Agreement, including any actions brought against an Indemnified Party, shall be the Courts of Allegheny County, Pennsylvania, or, if in a federal proceeding, the US District Court for the Western District of Pennsylvania.
- 13.2 Entire Agreement. The parties acknowledge that this Agreement sets forth the entire understanding and intentions of the parties hereto as to the subject matter hereof and supersedes all previous representations, negotiations, or understandings between the parties and/or its employees or agents, whether written or oral, regarding the subject matter of this Agreement.
- 13.3 Legal Counsel. The parties acknowledge that they consulted, or had the opportunity to investigate and/or consult, with their legal counsel and/or other advisors with respect to the Patent Rights, Know-How, Licensed Technology, and the terms of this Agreement.
- 13.4 No Fiduciary Relationship. The parties agree that this Agreement constitutes an arm's length business transaction and does not create a fiduciary relationship.
- 13.5 No Use of Marks. Nothing contained in this Agreement shall be construed as conferring upon either party any right to use in advertising, publicity or other promotional activities any name, trade name, trademark, or other designation of the other party, including any contraction, abbreviation, or simulation of any of the foregoing. Without the express written approval of the other party, neither party shall use any designation of the other party in any promotional activity associated with this Agreement or the Licensed Technology. Neither party shall issue any press release or make any public statement in regard to this Agreement without the prior written approval of the other party.
- 13.6 Compliance with Law. Licensee agrees that with respect to the performance of this Agreement or the practice of the rights granted by the University hereunder, it shall comply with any and all applicable US export control laws and regulations, as well as any and all embargoes and/or other restrictions imposed by the Treasury Department's Office of Foreign Asset Controls.

- 13.7 If Licensee challenges the validity or enforceability of University's Intellectual Property Rights or University's ownership of the Intellectual Property Rights anywhere in the world, the Licensee shall continue to pay to University all royalties and other financial obligations required under this Agreement. If any such challenge is unsuccessful by Licensee, the royalty rates and any non-royalty sublicense income rate set forth in Article 4.1 above shall automatically double in value, to include all royalty minimums and floors; and Licensee shall reimburse the University for all fees and costs associated with defending such action, including but not limited to attorneys fees and expert fees. The effective date of such increase in royalty rates shall be the date of the first court order or date of issuance of a re-examination certificate (or foreign equivalents thereof) declaring any claim of the Intellectual Property Rights as valid or enforceable. Within thirty (30) days prior to filing any such challenge, Licensee shall provide the University with written notice of its intent to make such challenge detailing its allegation(s) along with specific and detailed facts supporting those allegations of invalidity or unenforceability of University's Intellectual Property Rights.
- 13.8 Severability. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable, the remaining provisions shall not in any way be affected or impaired thereby. In the event any provision is held illegal or unenforceable, the parties shall use reasonable efforts to substitute a valid, legal and enforceable provision which, insofar as is practical, implements purposes of the provision held invalid, illegal or unenforceable.
- 13.9 No Waiver. Failure at any time to require performance of any of the provisions herein shall not waive or diminish a party's right thereafter to demand compliance therewith or with any other provision. Waiver of any default shall not waive any other default. A party shall not be deemed to have waived any rights hereunder unless such waiver is in writing and signed by a duly authorized officer of the party making such waiver.
- 13.10 Right to Publish. Licensee acknowledges that University is free to publish the results of the research activities of its faculty, staff and students, even though such publication may involve the Patent Rights or Licensed Technology. University agrees to submit to Licensee any proposed publication or presentation regarding the subject matter specifically described in the Patent Rights for prior review by Licensee at least thirty (30) days before its submittal for publication or its presentation. Licensee may, within thirty (30) days after receipt of such proposed publication, request that such proposed publication be delayed not more than sixty (60) days in order to allow for protection of intellectual property rights.
- 13.11 Identification of Patents. Licensee shall mark all Licensed Technology with applicable US and foreign patent numbers in accordance with the applicable laws of the countries in which the materials are intended to be used or sold.
- 13.12 Headings. The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.
- 13.13 Binding Effect. This Agreement shall be binding upon, and shall inure to, the benefit of the successors and assigns of the University and to such successors and assigns of Licensee as may be permitted to succeed Licensee subject to the terms of this Agreement.

13.14 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties represent and warrant that each has the authority to bind the party to this Agreement and have set their hands and seals as of the date set forth on the first page hereof.

**UNIVERSITY OF PITTSBURGH – OF THE  
COMMONWEALTH SYSTEM OF HIGHER EDUCATION**

By: \_\_\_\_\_

Name: Evan Facher, Ph.D., MBA

Title: Interim Director  
University of Pittsburgh Innovation Institute

LICENSEE

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Sample



EXHIBIT B

UNIVERSITY OF PITTSBURGH  
KNOW-HOW LICENSED TO  
[NAME OF LICENSEE]

[TO BE IDENTIFIED]

Sample

EXHIBIT C

MILESTONES

[TO BE IDENTIFIED]

Sample

EXHIBIT D

FORM OF ROYALTY REPORT

Licensee Name:  
Date of Report:  
Reporting Period:  
Licensed Technology Title:

Royalty Calculation

| Product      | No. units sold<br>(including<br>sublicense) | Invoiced price<br>per unit | Gross sales | Allowable<br>deductions | Net sales |
|--------------|---|----------------------------|-------------|-------------------------|-----------|
| Product name |   |                            |             |                         |           |
| Product name |   |                            |             |                         |           |
| Product name |   |                            |             |                         |           |
| Product name |   |                            |             |                         |           |
| Total        |   |                            |             |                         |           |

|                    |    |
|--------------------|----|
| Total Net sales    | \$ |
| Royalty rate       |    |
| Earned Royalty due | \$ |

Name and addresses of sublicensees:

Total Non-Royalty Sublicense Income: \$ \_\_\_\_\_

Total Payment Due: \$ \_\_\_\_\_

Report prepared by:  
Title:  
Date:

## EXHIBIT E

### SAMPLE PROGRESS REPORT

Licensee Name:

Licensed Technology Title:

- A. Date of report and time period covered by this report.
- B. Development report:
1. Activities (e.g., research and development, regulatory approvals, manufacturing, sublicensing, marketing and sales, etc.), completed since last report including the object and parameters of the development, when initiated, when completed and the results; and
  2. Activities currently under investigations (i.e., ongoing activities including object and parameters of such activities), when initiated, and projected date of completion.
- C. Future development activities:
1. Activities to be undertaken before next report including, but not limited to, the type and object of any studies conducted and their projected starting and completion dates; and
  2. Estimated total development time remaining before a product will be commercialized.
- D. Changes to initial development plan:
1. Reasons for change; and
  2. Variables that may cause additional changes.
- E. Items to be provided, if applicable:
1. Information relating to product that has become publicly available (e.g., published articles, competing products, patents, etc.);
  2. Development work being performed by third parties other than Licensee (to include name of third party, reasons for use of third party, planned future use of third parties including reasons why and type of work); and
  3. Update of competitive information trends in industry, government compliance, and market plan.
- F. Corporate Information:
1. Copies of any material amendments to corporate governance documents (e.g., articles of incorporation, bylaws, shareholder agreements, management agreements);
  2. Certificate of Good Standing;
  3. Updated List of Owners (Schedule 1);
  4. Capitalization Chart for the Licensee as of the most recent year end; and
  5. Copies of fundraising documents, if any.

G. Financial Statements:

The most recent annual financial statements of the Licensee, including a balance sheet, income statement (statements of revenues and expenses) and a statement of cash flows of the Licensee for such period, and accompanying notes thereto. Such financial information shall present fairly the financial position of the Licensee as of the close of such year and the results of their operations during such year, either (i) reviewed and certified by Licensee's chief financial officer or (ii) reviewed/audited by an independent public accountant selected by Licensee.

Sample

SCHEDULE 1

LIST OF OWNERS

Licensee Name:

Type of Equity Interest:

Name

Address

Percentage Equity Interest

Sample