



This draft is dated the ____ day of _____, 20__ and is solely for purposes of negotiation. No contract shall exist until a final, written agreement is signed by an authorized representative of the WSU's Office of Commercialization and an authorized representative of Licensee. This draft shall expire on _____, 20__.

**STANDARD EXCLUSIVE LICENSE AGREEMENT
WITH SUBLICENSING TERMS**

WSU OC No. _____

AGR No. _____

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This Agreement is made effective the ____ day of _____, 20__, (hereinafter "Effective Date") by and between the Washington State University (hereinafter "WSU"), an institution of higher education and an agency of the state of Washington through its Office of Commercialization (hereinafter, "WSU-OC") having an office at Lighty 280/286, P.O.

Box 641060, Pullman, WA 99164, USA and _____ (hereinafter "Licensee"), a corporation organized and existing under the laws of _____ and having a principal office at _____.

WHEREAS, WSU owns certain inventions that are described in the "Licensed Patents" defined below, and WSU is willing to grant a license to Licensee under any one or all of the Licensed Patents and Licensee desires a license under all of them;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, the parties covenant and agree as follows:

Section 1. Definitions

1.1. a. "Licensed Patents" shall refer to and mean all of the following WSU intellectual property:

1.1.1 the United States patent(s)/patent application(s) entitled "_____" , filed in the United States Patent Office on _____, and assigned Registration Number/Serial Number _____, and all United States patents and foreign patents and patent applications based on this U.S. application;

1.1.2 all divisionals and continuations both U.S. and foreign; and

1.1.3 any reissues or re-examinations of patents described in 1.1.1 or 1.1.2 above.

1.1.4 to the extent that the following contain one or more claims directed to the invention or inventions claimed in USPA SN 60/xxxxxx: continuations-in-part, all divisions and continuations of these continuations-in-part, all patents issuing from such continuations-in-part, divisions, and continuations; and any reissues, reexaminations, and extensions of all such patents. Licensed Patents shall *not* include these continuations-in-part, divisions, continuation, reissues, reexaminations and extensions to the extent that they contain one or more claims directed to new matter which is not the subject matter of a claim in USPA SN 60/xxxxxx.

b. "Licensed Know-how and Licensed Biological Materials" mean the following materials, also described in Appendices -----:

"Licensed Know-how" shall mean the following WSU intellectual property:

All information, know-how, and materials as described in WSU Case Numbers _____ concerning the (as provided in Appendix H, herein).

"Licensed Biological Materials" shall mean the following WSU intellectual property (as provided in Appendix E, herein and covered by the Material Transfer Agreement of Appendix G herein):

1.2 "Licensed Product" and "Licensed Process" shall mean:

1.2.1 In the case of a Licensed Product, any product or part or combination thereof developed and/or sold by or on behalf of Licensee, its Affiliates or Sublicensees which:

1.2.1.1 is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents in any country in which any product is made, used or sold; or

- 1.2.1.2 is manufactured, synthesized, derived or produced by using a process or product that is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents in any country in which any such process is used or in which any such product is used or sold.
- 1.2.1.3 is covered in whole or in part by a method of use claim which is an issued, unexpired claim or a pending claim, contained in the Licensed Patents in any country in which the product is made, used or sold in whole or in part for the covered use as defined by the Licensed Field either directly or indirectly or in which any such product is sold for the covered use either directly or indirectly.
- 1.2.2 In the case of a Licensed Process, any process including method of use as defined by the Licensed Field that is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents in any country in which such process is practiced either directly or indirectly, either alone or in a combination form.
- 1.3 “Selling Price” shall mean, in the case of Licensed Products and/or Licensed Processes that are sold by Licensee or its Affiliates and/or Sublicensees, the invoice price of Licensed Products and/or Licensed Processes (regardless of uncollectible accounts) less any outbound transportation costs paid or allowed; allowances and credits because of returns, or sales taxes. The “Selling Price” for a Licensed Product or Licensed Process that is transferred to a third party for promotional purposes without charge or at a discount shall be the average price of that type of Licensed Product and/or Licensed Process during the applicable calendar quarter. The “Selling Price” for a Licensed Product and/or Licensed Process that is produced for a third party or sold to a third party under a per sale contract and/or lumpsum contract will be the per sale contract price or the lumpsum contract price, as the case may be, or any consideration or service fees received for product provided or services performed less any outbound transportation costs paid or allowed; allowances and credits because of returns, or sales taxes.
- 1.4 “Development Plan” shall mean a written report summarizing the development activities that are to be undertaken by the Licensee to bring Licensed Products to the market. The Development Plan is attached as Appendix A.
- 1.5 “Development Report” shall mean a written account of Licensee’s progress under the Development Plan having at least the information specified on Appendix B to this Agreement, and shall be sent to the address specified on Appendix B.
- 1.6 “Licensed Field” shall be limited to the field of _____.
- 1.7 “Licensed Territory” shall be limited to _____, _____, and _____.
- 1.8 "Sublicense" means any exchange for value, any transfer of rights, including assignment, to Licensed Patents, Licensed know-How and/or Licensed Biological Materials for any consideration, including but not limited to cash, promissory notes, equity, upfront payments, milestone payments, royalties, manufacturing contracts, distribution contracts, sponsored research contracts, option agreements, research use licenses, any collaborative arrangements, partnerships, or joint ventures, received or entered into by Licensee with respect to any transfer of any right, including but not limited to assignment, whether present, future or contingent, to make, manufacture, use, practice, distribute, or otherwise sell any aspect of the Technology or Licensed Products and Licensed Processes to any third party (hereinafter Sublicensee).
- 1.9 “Affiliate” means any corporation or other business entity controlled by or in common control of the Licensee. “Control” as used herein shall mean the ownership directly or indirectly of at least fifty percent (50%), or the maximum interest permitted by local law, of the voting stock of a corporation; or a fifty percent (50%) or greater interest in the income of such corporation or other business entity; or the ability otherwise of the Licensee to secure that the affairs of such corporation or other business entity are managed in accordance with its wishes.

- 1.10 “Best Efforts” means, with respect to a given objective, the efforts that a reasonable person in the position of the promisor would use to achieve the goal in light of its capabilities; except that an obligation to use Best Efforts under this Agreement does not require the promisor to (i) take any actions that, individually or in the aggregate, have a material and adverse effect on the promisor; (ii) disregard its own interests; (iii) take any actions that would, individually or in the aggregate, cause the promisor to incur costs, or suffer any other detriment, out of reasonable proportion to the benefits to the promisor under this Agreement; (iv) take any action that would violate any law or order to which promisor is subject; or (v) initiate any litigation or arbitration.

Section 2. Grant

- 2.1 License. WSU hereby grants to Licensee an exclusive license, limited to the Licensed Field and the Licensed Territory, under the Licensed Patents to make, use and sell Licensed Products and/or Licensed Processes. WSU reserves to itself the right to make, use and sell Licensed Products and/or Licensed Processes under the Licensed Patents for research purposes, including research for any sponsors.

WSU also reserves the right to license the technology, for non-commercial purposes and without further right of sublicense, to other non-profit institutions and/or for humanitarian use, subject to Licensee’s prior written approval, which shall not be unreasonably withheld.

2.2 Sublicense

- 2.2.1 Licensee may grant written, Sublicenses to third parties within the Licensed Field and Licensed Territory. Any agreement granting a Sublicense shall state that the Sublicense is subject to the termination of this Agreement. Licensee shall have the same responsibility for the activities of any Sublicensee as if the activities were directly those of Licensee.

- 2.2.2 In respect to Sublicenses granted by Licensee under Section 2.2.1., Licensee shall pay to WSU or its designee an amount equal to what Licensee would have been required to pay to WSU had Licensee sold the amount of Licensed Products sold by such Sublicensee. In addition, if Licensee receives any fees, minimum royalties, or other payments in consideration for any rights granted under a Sublicense, and such payments are not based directly upon the amount or value of Licensed Products sold by the Sublicensee, then Licensee shall pay WSU fifty percent (50 %) of such payments in the manner specified in Section 3.5. Licensee shall not receive from Sublicensees anything of value in lieu of cash payments in consideration for any Sublicense under this Agreement without the express prior written permission of WSU. Licensee shall provide WSU with a copy of each sublicense agreement within thirty (30) days of the execution of the sublicense agreement.

2.3 License to WSU

To the extent permitted by applicable law, Licensee hereby grants and shall require its Sublicensee(s) to grant WSU an option to obtain a nonexclusive, royalty-free, irrevocable, paid-up license, for research purposes, under any and all inventions hereafter made or acquired by Licensee (or its Sublicensee(s)) to the extent any such inventions are Improvements. “Improvements” shall mean any modification of an invention described in Licensed Patents that, if unlicensed, would infringe one or more claims of the Licensed Patents. Licensee shall provide WSU with a written, enabling disclosure of each such invention (such as a U.S. patent application), unambiguously identifying it as an invention governed by this paragraph, within six (6) months of filing a patent application thereon. If WSU does not exercise its option to receive a license thereunder within sixty days of the date of the disclosure, its option under this paragraph shall be deemed terminated, but only with respect to the invention so disclosed.

Section 3. Consideration

3.1 Development

3.1.1 Licensee agrees to and warrants that: it has, or will obtain, the expertise necessary to independently evaluate the inventions of the Licensed Patents; it will establish and actively and diligently pursue the Development Plan (see Appendix A) to the end that the inventions of the Licensed Patents will be utilized to provide Licensed Products and/or Licensed Processes for sale in the retail market within the Licensed Field; and within one month following the end of each quarter ending on March 31, June 30, September 30, and December 31, and until the date of first commercial sale of Licensed Products, it will supply WSU with a written Development Report (see Appendix B). All development activities and strategies and all aspects of product design and decisions to market and the like are entirely at the discretion of Licensee, and Licensee shall rely entirely on its own expertise with respect thereto. WSU’s review of Licensee’s Development Plan is solely to verify the existence of Licensee’s commitment to development activity and to ensure compliance with Licensee’s obligations to commercialize the inventions of the Licensed Patents, as set forth above.

3.1.2 Licensee agrees that the first commercial sale of products to the retail customer shall occur on or before _____ or this Agreement shall terminate pursuant to Section 8.3 hereto.

3.2 License Issue Fee and Maintenance Fee: Licensee agrees to pay to WSU a License Issue Fee of \$ _____ within ninety (90) days of the Effective Date. In addition to the License Issue Fee, Licensee agrees to pay an annual Maintenance Fee of \$ _____, payable on each anniversary of the Effective Date of this Agreement until the first commercial sale of a Licensed Product or Licensed Process at which time the annual Maintenance Fee is no longer due and is replaced by the Annual Minimum Royalties as specified in Section 3.4.1.

3.3 Royalty

In addition to the Section 3.2 License Issue Fee and Maintenance Fee, Licensee and its Affiliates agrees to pay to WSU or its designee, as earned royalties a royalty calculated as a percentage of the Selling Price in accordance with the terms and conditions of this Agreement. The royalty is deemed earned as of the earlier of the date the Licensed Product and/or Licensed Process is actually sold and paid for, the date an invoice is sent by Licensee or its Sublicensee(s), or the date a Licensed Product and/or Licensed Process is transferred to a third party for any promotional reasons. The royalty shall remain fixed while this Agreement is in effect at a rate of ----- percent (---%) of the Selling Price for the life of this Agreement.

3.4 Other Payments

3.4.1 Licensee agrees to pay WSU or its designee Minimum Royalty payments, as follows:

Payment	Year	
\$ _____	_____	
\$ _____	_____	
\$ _____	_____	
\$ _____	_____	
\$ _____	_____	and every year thereafter on the same date, for the life of this Agreement.

The Minimum Royalty shall be paid in advance on a quarterly basis for each year in which this Agreement is in effect. The Minimum Royalty for a given year shall be due in advance and shall be paid in quarterly installments on December 31, March 31, June 30, and September 30 for the following

quarter. Any Minimum Royalty paid in a calendar year will be credited against the earned royalties for that calendar year. It is understood that the Minimum Royalties will be applied to earned royalties on a calendar year basis, and that sales of Licensed Products and/or Licensed Processes requiring the payment of earned royalties made during a prior or subsequent calendar year shall have no effect on the annual Minimum Royalty due WSU for other than the same calendar year in which the royalties were earned.

3.4.2 Licensee agrees to pay WSU or its designee milestone payments, as follows:

Payment	Due Date	Event
\$ _____	_____, 20__	_____
\$ _____	_____, 20__	_____
\$ _____	_____, 20__	_____
\$ _____	_____, 20__	_____
\$ _____	_____, 20__	_____

3.5 Accounting Payments

3.5.1 Amounts owing to WSU under Sections 2.2, 3.2, 3.3 and 3.4 shall be paid on a quarterly basis after the amount of Minimum Royalties paid is exceeded, with such amounts due and received by WSU on or before the thirtieth day following the end of the calendar quarter ending on March 31, June 30, September 30 or December 31 in which such amounts were earned. The balance of any amounts that remain unpaid more than thirty (30) days after they are due to WSU shall accrue interest until paid at the rate of the lesser of one and one-half percent (1.5%) per month or the maximum amount allowed under applicable law. However, in no event shall this interest provision be construed as a grant of permission for any payment delays.

3.5.2 Except as otherwise directed, all amounts owing to WSU under this Agreement shall be paid in U.S. dollars to WSU or its designee at the address provided in Section 14.1. All royalties owing with respect to Selling Prices stated in currencies other than U.S. dollars shall be converted at the rate shown in the Federal Reserve Noon Valuation - Value of Foreign Currencies on the day preceding the payment.

3.5.3 A full accounting showing how any amounts payable to WSU under Sections, 3.2, 3.3 and 3.4 have been calculated shall be submitted to WSU on the date of each such payment. Such accounting shall be on a per-country and product line, model or trade name basis and shall be summarized on the form shown in Appendix C of this Agreement. In the event no payment is owed to WSU because the amount of Minimum Royalties paid has not been exceeded or otherwise, an accounting demonstrating that fact shall be supplied to WSU.

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

Section 4. Certain Warranties of WSU

4.1 WSU warrants that, except as otherwise provided under Section 16 of this Agreement with respect to U.S. Government interests, it is the owner of the Licensed Patents or otherwise has the right to grant the licenses granted to Licensee in this Agreement. However, nothing in this Agreement shall be construed as:

4.1.1 a warranty or representation by WSU as to the validity or scope of any right included in the Licensed

Patents;

- 4.1.2 a warranty or representation that anything made, used, sold or otherwise disposed of under the license granted in this Agreement will or will not infringe patents of third parties;
 - 4.1.3 an obligation to bring or prosecute actions or suits against third parties for infringement of Licensed Patents;
 - 4.1.4 an obligation to furnish any know-how not provided in Licensed Patents or any services other than those specified in this Agreement; or
 - 4.1.5 a warranty or representation by WSU that it will not grant licenses to others to make, use or sell products not covered by the claims of the Licensed Patents that may be similar and/or compete with products made or sold by Licensee or its Sublicensee(s).
- 4.2 WSU MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO USE, SALE, OR OTHER DISPOSITION BY LICENSEE, ITS SUBLICONSEE(S) OR THEIR VENDEES OR OTHER TRANSFEREES OF PRODUCT INCORPORATING OR MADE BY USE OF INVENTIONS LICENSED UNDER THIS AGREEMENT.

Section 5. Due Diligence

- 5.1 Licensee shall, directly or through its Affiliates and Sublicensees, use its Best Efforts to bring at least one Licensed Product or Licensed Process to market through a thorough, vigorous and diligent program.
- 5.2 On or before _____, Licensee shall deliver to WSU a Development Plan showing the amount of money, number and kind of personnel, and time budgeted and planned for each phase of development of the Licensed Products and Licensed Processes. WSU will maintain the confidentiality of the Development Plan and not disclose the Development Plan to a third party without Licensee's prior written consent.
- 5.3 In addition, Licensee, and/or any of Licensee's permitted sublicensees, shall use Best Efforts to achieve the following objectives within the specified time frames:
 - 5.3.1 ----
 - 5.3.2 ----

For the purposes of this Section 5.3, development of a prototype does not guarantee successful development of a commercial product. The intent of the prototype milestones is to determine whether a commercial product is viable.

Failure of Licensee (directly or through its Affiliates and Sublicensees) to use Best Efforts to meet these objectives within the specified time frame shall constitute grounds for termination by WSU under Section 8 below. Diligence obligations shall be tested beginning on the due date of the first Annual Progress Report. In order to verify compliance, Licensee shall comply with any reasonable request for further information by WSU and shall permit, upon reasonable advance notice, an in-plant inspection during regular business hours by WSU or its designee beginning on the first anniversary of the Effective Date, and thereafter permit in-plant inspections by WSU at regular intervals with at least twelve (12) months between each such inspection; provided that such in-plant inspections do not interfere with Licensee's regular business operations. WSU and its designee will maintain the confidentiality of all information provided by Licensee in response to WSU's request and not disclose such information to a third party without Licensee's prior written consent.

Section 6. Record keeping

- 6.1 Licensee and its Sublicensee(s) shall keep books and records sufficient to verify the accuracy and completeness of Licensee's and its Sublicensee(s)'s accounting referred to above, including without limitation inventory, purchase and invoice records, manufacturing records, sales analysis, general ledgers, financial statements, and tax returns relating to the Licensed Products and/or Licensed Processes. Such books and records shall be preserved for a period not less than six years after they are created, both during and after the term of this Agreement.
- 6.2 Licensee and its Sublicensee(s) shall take all steps necessary so that WSU may, within thirty (30) days of its request, review and copy all of the books and records at a single U.S. location to verify the accuracy of Licensee's and its Sublicensee(s)'s accounting. Such review may be performed by any authorized employee of WSU as well as by any attorney or registered CPA designated by WSU, upon reasonable notice and during regular business hours.
- 6.3 If a royalty payment deficiency is determined, Licensee and its Sublicensee(s) shall pay the royalty deficiency outstanding within thirty (30) days of receiving written notice thereof, plus interest on outstanding amounts as described in Section 3.5.1.
- 6.4 If a royalty payment deficiency for a calendar year exceeds five percent (5%) of the royalties paid for that year, then Licensee and its Sublicensee(s) shall be responsible for paying WSU's out-of-pocket expenses incurred with respect to such review.

Section 7. Patent Prosecution

- 7.1 WSU shall diligently prosecute and maintain the Licensed Patents using counsel of its choice. WSU shall provide Licensee with copies of relevant documentation so that Licensee may be informed and apprised of the continuing prosecution of Licensed Patents, and Licensee agrees to keep such information confidential.
- 7.2 Licensee shall be responsible for and pay all past and future costs and expenses incurred by WSU for the preparation, filing, prosecution, issuance, and maintenance of the Licensed Patents within thirty (30) days of receipt of an invoice from WSU. It shall be the responsibility of Licensee to keep WSU fully apprised of the "small entity" status of Licensee with respect to the U.S. patent laws and with respect to the patent laws of any other countries, if applicable, and to inform WSU of any changes in such status, within thirty days of any such change.

Section 8. Term and Termination

- 8.1 The term of this license shall begin on the Effective Date of this Agreement and continue until the earlier of the date that (a) no Licensed Patent remains an enforceable patent or no Licensed Know-How or Biological Materials continue to be used in making the Licensed Product or Licensed Process or (b) the payment of earned royalties under Sections 2.2 or 3.3, once begun, ceases for more than two (2) calendar quarters.
- 8.2 Either Party may terminate this Agreement at any time by giving at least ninety (90) days written and unambiguous notice of such termination to the other Party. Such a notice shall be accompanied by a statement of the reasons for termination.
- 8.3 WSU may terminate this Agreement by giving Licensee at least ninety (90) days written notice if the date of first commercial sale does not occur on or before the date specified in Section 3.1.2.
- 8.4 If Licensee at any time defaults in the timely payment of any monies due to WSU or the timely submission to

WSU of any Development Report and/or Development Plan as required by Sections 3.1 and 5.2, fails to actively pursue the Development Plan, or commits any breach of any other covenant herein contained, and Licensee fails to remedy any such breach or default within ninety (90) days after written notice thereof by WSU, WSU may, at its option, terminate this Agreement by giving thirty (30) days notice of termination to Licensee.

- 8.5 Upon the termination of this Agreement, Licensee shall remain obligated to provide an accounting for and to pay royalties earned under Sections 2.2 or 3.3 up to the date of the termination.
- 8.6 Upon the termination of this Agreement, excluding expiration, Licensee agrees to promptly return to the WSU all materials covered by the Licensed Patents and Licensed Biological Materials (as described in Appendix D and Appendix E) or to destroy all such materials and to deliver a notarized document certifying that all such materials have been destroyed and that any Licensed Know-How will no longer be used.
- 8.7 Termination of this Agreement shall not relieve Licensee of any obligation to pay WSU the fee set forth in Section 3 or set forth in any other portion of this Agreement, nor of any obligation with respect to the confidential information or materials covered by this Agreement. Articles on Certain Warranties of WSU, Record Keeping, Patent Prosecution, Term and Termination, Product Liability and Conduct of Business, Export Control, Use of Names and Confidentiality, Miscellaneous, and Unites States Government Interests shall survive termination.
- 8.8 If Licensee at any time commits any material breach of any covenant in this Agreement including, but not limited to, (1) a failure to use its Best Efforts to establish and actively and diligently pursue a Development Plan to the end that the inventions of the Licensed Patents will be utilized to provide Licensed Products and/or Licensed Processes for sale in the retail market within the Licensed Field; and (2) a failure to use Best Efforts to achieve the objectives specified in Section 5.3 within the specified time frames; WSU may, at its option, terminate this Agreement by giving thirty (30) days notice of termination to Licensee. However, if WSU exercises its right to terminate pursuant to this Section 8.9 because of Licensee's failure to remedy or cure a failure to use Best Efforts to meet an objective in Section 5.3, this Agreement will only be terminated with respect to the applicable portion of the Licensed Field and will not result in termination of the entire Agreement (e.g., a failure to use Best Efforts to develop a Licensed Product in the catalysis product category in accordance with Section 5.3(g) will only result in termination of this Agreement with respect to the field of catalysis (i.e., the Licensed Field will no longer include catalysis)). If Licensee disputes the existence of the breach alleged in WSU's written notice or whether the identified breach is a material breach, the parties will first escalate the dispute to the senior representatives of Licensee and WSU. During such escalation, the disputed breach shall not affect the rights granted under this Agreement for the duration of the dispute and the period to cure the alleged breach will be tolled for the duration of the dispute. If the dispute is still not resolved within 45 days by the respective representatives, the dispute may be submitted to mediation. During mediation the disputed breach shall not affect the rights granted under this Agreement for the duration of the mediation and the period to cure the alleged breach will be tolled for the duration of the dispute. The mediator shall be selected by agreement of the parties. The mediation shall be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with facilitation by the mediator, to reach an amicable resolution of the dispute. If the parties are not able to agree on a resolution to the matter within 45 days of the initiation of mediation, then either party may initiate litigation to resolve the dispute. The parties acknowledge and agree that the intent of the parties is to not require termination of this Agreement unless no other remedy would make the WSU whole after suffering the breach. Accordingly, for the purpose of this Section 8.9, the term "cure" or "remedy" would include payment of fees or any other mutually agreed upon corrective action in lieu of termination. The rights granted to Licensee under this Agreement, including all license rights, will continue in full force and effect during any cure period specified in this Section 8. Inability to terminate this Agreement shall not be deemed to affect any other legal or equitable remedies a party may have for breach of this Agreement by the other party.

Section 9. Assignability

- 9.1 Neither this Agreement, nor the Licensed Patents, may be transferred, assigned or pledged by Licensee, nor shall Licensee grant any security interest in this Agreement or the Licensed Patent, except with the prior written consent of WSU. Notwithstanding the foregoing, without WSU's consent Licensee may assign this Agreement to any of its Affiliates, to a successor of Licensee's business to which this Agreement pertains, to a purchaser of all or substantially all of Licensee's assets; or incident to an acquisition, merger, sale of Licensee or the like at any time during the term of this Agreement. WSU will be notified of any such permitted assignment by Licensee and a copy of such assignment shall be delivered to WSU within thirty (30) days of the execution of the same. It is agreed that Licensee will ensure that upon a sale or merger of Licensee, the successor entity (for example, the new owner or majority owner) agrees in writing to be bound by the terms and conditions of this Agreement (including the obligations of Licensee hereunder).
- 9.2 All parties to this Agreement understand and agree that WSU's rights and obligations under this Agreement may be freely assigned to a designee of WSU without further notice to Licensee. Such assignment or license shall be binding upon the undersigned parties and inure to the benefit of such assignee.

Section 10. Enforcement

- 10.1 WSU intends to protect Licensed Patents against infringers or otherwise act to eliminate infringement when, in WSU's sole judgment, such action may be reasonably necessary, proper, and justified. In the event that Licensee believes there is infringement of any Licensed Patent under this Agreement that is to Licensee's substantial detriment, Licensee shall provide WSU with notification and reasonable evidence of such infringement.
- 10.2 The parties agree to cooperate in the conduct or defense of any claim or suit challenging any intellectual property rights which may arise from this agreement so long as (1) such intellectual property arises from the work as set forth in the statement of work appended to this agreement, (2) WSU or its assignee determines that such intellectual property qualifies for legal protection, (3) WSU or its assignee desires to obtain or perfect its rights to such legal protection, and (4) WSU, its assignee or an authorized licensee does affirmatively attempt to obtain or perfect WSU's or its assignee's rights, title, and interest in such intellectual property. Except as set forth in above, WSU makes no warranty, express or implied, regarding any invention, writing or tangible rendition of research results, including but not limited to any implied warranties of merchantability or fitness for a particular purpose.

Section 11. Product Liability; Conduct of Business

- 11.1 Licensee, its Affiliates and its Sublicensee(s) shall, at all times during the term of this Agreement and thereafter, indemnify, defend and hold WSU, and its employees, and the inventors of the Licensed Patents 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 and against any other claim, proceeding, demand, expense and liability of any kind whatsoever, including patent infringement claims, resulting from the production, manufacture, sale, use, lease, consumption or advertisement of Licensed Products arising from any right or obligation of Licensee or any Sublicensee hereunder. Notwithstanding the above, WSU at all times reserves the right to retain counsel of its own to defend WSU's, , and the inventor's interests.
- 11.2 Licensee warrants that it now maintains and will continue to maintain liability insurance coverage appropriate to the risk involved in marketing the products subject to this Agreement and that such insurance coverage lists WSU, and the inventors of the Licensed Patents as additional insureds. Within _____ (__) days after the execution of this Agreement and thereafter annually between January 1 and January 31 of each year, Licensee will present evidence to WSU, that the coverage is being maintained with WSU, and its inventors listed as additional insureds. In addition, Licensee shall provide WSU with at least thirty (30) days prior written notice of any change in or cancellation of the insurance coverage.

Section 12. Use of Names and Confidentiality

Licensee, its Affiliates and its Sublicensee(s) shall not use WSU's name, the name of any inventor of Licensed Patents governed by this Agreement, in any sales promotion, advertising, or any other form of publicity without the prior written approval of WSU. This Agreement is covered by the Mutual Confidential Disclosure Agreement of Appendix F attached to this Agreement.

Section 13. Miscellaneous

- 13.1 This Agreement is made in Pullman, Washington, and shall be construed and interpreted in accordance with the law of the State of Washington, United States of America, without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted. By its execution and delivery of this Agreement, Licensee hereby accepts the jurisdiction of a court of competent jurisdiction sitting in the State of Washington in any legal action or proceeding relating to this Agreement. No right or remedy conferred upon or reserved to the Parties pursuant to this Agreement is exclusive of any other right or remedy provided or permitted at law or in equity. Each Party acknowledges that any violation or threatened violation of this Agreement would cause irreparable injury and that money alone would not be adequate to redress such injury. If any provisions of this Agreement are or shall come into conflict with the laws or regulations of any jurisdiction or any governmental entity having jurisdiction over the Parties or this Agreement, those provisions shall be deemed automatically severed and deleted, if such severance and deletion is allowed by relevant law, and the remaining terms and conditions of this Agreement shall remain in full force and effect. The Parties agree to substitute new terms as similar in effect to the severed or deleted terms as may be allowed under the applicable laws and regulations. The Parties hereto are independent contractors and not joint venturers or partners.
- 13.2 Licensee shall insure that it, its Affiliates and its Sublicensee(s) apply patent markings that meet all requirements of U.S. law, 35 U.S.C. §287, with respect to all Licensed Products subject to this Agreement. Licensee agrees to comply with the requirements of U.S. law 35 U.S.C. § 200-212 with respect to inventions funded by the U.S. government.
- 13.3 Except as otherwise expressly provided herein, this Agreement, with all of the attachments hereto, constitutes the full understanding between the Parties with reference to the subject matter hereof, and no statements or agreements by or between the Parties made prior to or at the signing hereof, whether orally or in writing, shall vary or modify the written terms of this Agreement. All attachments referred to in this Agreement shall be attached hereto and are incorporated herein by reference. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar failure to perform any such term or condition by the other Party. Neither Party shall claim any amendment, modification, or release from any provisions of this Agreement by mutual agreement, acknowledgment, or otherwise, unless such mutual agreement is in writing, signed by the other Party, and specifically states that it is an amendment to this Agreement. This Agreement may be executed in one or more counterparts and any Party hereto may execute any such counterparts each of which shall be deemed an original and all of which, taken together, shall constitute but one and the same document. It shall not be necessary in making proof of this document or any counterpart hereof to produce or account for any of the other counterparts.
- 13.4 In the event Licensee contests the validity of any Licensed Patent, Licensee shall continue to pay royalties with respect to that patent as if such contest were not underway until the patent is finally adjudicated invalid or unenforceable by a court of last resort; provided, however, notwithstanding any such final adjudication of invalidity or unenforceability, the full royalty payment due under this Agreement shall continue to be paid on any Licensed Technology incorporating or based on Licensed Data or on any Licensed Patent which has not been finally adjudicated invalid or unenforceable by a court of last resort; and further provided Licensee shall have no

recourse against WSU for any royalties paid or due to be paid prior to such final adjudication.

13.5 Licensee shall not encumber or otherwise grant a security interest in any of the rights granted hereunder to any third party.

Section 14. Notices

Any notice required to be given pursuant to the provisions of this Agreement shall be in writing and shall be deemed to have been given at the earlier of the time when actually received as a consequence of any method of delivery reasonably calculated to be effective, including but not limited to hand delivery, transmission by telecopier, e-mail, addressed to the party for whom intended at the address below or at such changed address as the party shall have specified by written notice, provided that any notice of change of address shall be effective only upon actual receipt.

14.1 Washington State University
Office of Commercialization
Attn: Assistant Vice President
Lighty 280/286
P.O. Box 641060
Pullman, WA 99164

14.2 Licensee

Section 15. Contract Formation and Authority

15.1 No agreement between the parties shall exist unless the duly authorized representative of Licensee and the Director of WSU-OC have signed this document within thirty (30) days of the Effective Date written on the first page of this Agreement.

15.2 WSU and Licensee hereby warrant and represent that the persons signing this Agreement have authority to execute this Agreement on behalf of the party for whom they have signed.

15.3 This Agreement may be executed simultaneously in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. Facsimile signatures and PDF files containing signatures shall be considered original for all purposes.

Section 16. United States Government Interests

It is understood that the United States Government (through any of its agencies or otherwise) has funded research, Grant No. _____, during the course of or under which any of the inventions of the Licensed Patents were conceived or made. The United States Government is entitled, as a right, under the provisions of 35 U.S.C. §202-212 and applicable regulations of Title 37 of the Code of Federal Regulations, to a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced the inventions of such Licensed Patents for governmental purposes. Any license granted to Licensee in this Agreement shall be subject to such right.

Section 17. Export Controls

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

Section 18. Conflict of Interest

Licensee understands all employees of WSU are required to be in compliance with all the applicable policies and procedures of WSU, including but not limited to conflict of interest. Additionally, if any employees of WSU are to become owners, employees and/or board members of Licensee. Licensee understands and agrees to notify WSU as soon as practical and WSU will use its best efforts to ensure that such owners, employees and/or board members will provide a written approval to the WSU Office of Commercialization and/or clearance from the appropriate authority/unit of WSU. Licensee agrees to not hire any existing WSU employees, who have contributed to the Licensed Patents, Licensed Products or intellectual property covered by the Option to Licensee at the time of hire, during the term of this Agreement, without proper approval(s) submitted to WSU Office of Commercialization, which approval shall not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the authorized representatives of the parties hereto have duly executed this Agreement on the dates indicated below.

WASHINGTON STATE UNIVERSITY

LICENSEE

Name:
Title: Assistant Vice President,
Office of Commercialization
Date: _____

Name:
Title:
Date: _____

WSU-OC Ref #:

APPENDIX A
DEVELOPMENT PLAN

A Development Plan of the scope outlined below shall be submitted to WSU by Licensee prior to the execution of this Agreement. In general, the Development Plan should provide WSU with a summary overview of the activities that Licensee believes are necessary to bring products to the marketplace.

I. Development Program

A. Development activities to be undertaken

(Please break activities into subunits with the date of completion of major milestones)

1.

2.

3.

4.

B. Estimated total development time

II. Governmental Approval

A. Types of submissions required

B. Government agency, e.g., FDA, EPA, etc.

III. Proposed Market Approach

IV. Competitive Information

A. Potential competitors

B. Potential competitive devices/compositions

C. Known competitor's plans, developments, technical achievements

D. Anticipated date of product launch

Total Length: approximately 2-3 pages

APPENDIX B
DEVELOPMENT REPORT

When appropriate, indicate estimated start date and finish date for activities.

- A. Date Development Plan Initiated and Time Period Covered by this Report.
- B. Development Report (4-8 paragraphs).
 - 1. Activities completed since last report including the object and parameters of the development, when initiated, when completed and the results.
 - 2. Activities currently under investigation, i.e., ongoing activities including object and parameters of such activities, when initiated, and projected date of completion.
- C. Future Development Activities (4-8 paragraphs).
 - 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.
 - 2. Estimated total development time remaining before a product will be commercialized.
- D. Changes to Initial Development Plan (2-4 paragraphs).
 - 1. Reasons for change.
 - 2. Variables that may cause additional changes.
- E. Items to be Provided if Applicable:
 - 1. Information relating to Licensed Products 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 uses of third parties including reasons why and type of work.
 - 3. Update of competitive information trends in industry, government compliance (if applicable) and market plan.
 - 4. Information and copies of relevant materials evidencing the status of any patent applications or other protection relating to Licensed Products or the Licensed Patents.

PLEASE SEND DEVELOPMENT REPORTS TO:

Washington State University
Office of Commercialization
Attn.: Assistant Vice President
Lighty 280/286
P.O. Box 641060
Pullman, WA 99164

APPENDIX C
WSU ROYALTY REPORT

Licensee: _____ **Agreement No.:** _____

Inventor: _____ **P# : P** _____

Period Covered: From: ___ / ___ / 20 _____ **Through:** ___ / ___ / 20 _____

Prepared By: _____ **Date:** _____

Approved By: _____ **Date:** _____

If license covers several major product lines, please prepare a separate report for each line. Then combine all product lines into a summary report.

Report Type: **Single Product Line Report:** _____

Multiproduct Summary Report. Page 1 of _____ Pages

Product Line Detail. Line: _____ Trade name: _____ Page: _____

Report Currency: **U. S. Dollars** **Other** _____

Country	Gross Sales	* Less: Allowances	Net Sales	Royalty Rate	Period Royalty Amount	
					This Year	Last Year
U.S.A.						
Canada						
Europe:						
Japan						
Other:						
TOTAL:						

Total Royalty: _____ Conversion Rate: _____ Royalty in U.S. Dollars: \$ _____

The following royalty forecast is non-binding and for WSU's internal planning purposes only:

Royalty Forecast Under This Agreement: Next Quarter: _____ Q2: _____ Q3: _____ Q4: _____

APPENDIX D
LICENSED PATENTS

APPENDIX E
LICENSED MATERIALS/BIOLOGICAL MATERIALS

APPENDIX F
MUTUAL CONFIDENTIAL DISCLOSURE AGREEMENT

Pursuant to the license agreement to which this Mutual Confidential Disclosure Agreement is attached (hereinafter, the “License Agreement”), WSU may directly or indirectly disclose to LICENSEE proprietary information relating to the Licensed Patents (“WSU Information”), and LICENSEE may directly or indirectly disclose to WSU proprietary information relating to its use of the Licensed Patents (“LICENSEE Information”). For the purposes of this Mutual Confidential Disclosure Agreement, WSU Information and LICENSEE Information is sometimes collectively identified as “Information.” The party receiving Information is referred to herein as the “Receiving Party,” and the party disclosing the Information is referred to herein as the “Disclosing Party.” In the event of any disclosure of Information, the parties agree as follows:

1. The Receiving Party shall hold Disclosing Party’s Information in confidence and use due care, not less than the standard of care applied in the industry, to prevent unauthorized or inadvertent disclosure of the Disclosing Party’s Information it receives and any misappropriation thereof. The Receiving Party further agrees that it will restrict disclosure of, and access to, the Disclosing Party’s Information it receives solely to those persons within its own organization having a need to know the Disclosing Party’s Information for the purposes of the License Agreement and that such persons will be advised of the obligations set forth in this Mutual Confidential Disclosure Agreement and be obligated in a like fashion. Prior to any disclosure of the Disclosing Party’s Information to persons outside of the Receiving Party for any reason, the Receiving Party must first obtain the Disclosing Party’s written approval for such disclosure.
2. Notwithstanding anything in the License Agreement, the obligations of confidentiality as delineated herein shall expire five (5) years from the later of the Effective Date of the License Agreement or the date of disclosure of the Information. Upon expiration or termination of the License Agreement, the Receiving Party will promptly destroy or return to the Disclosing Party all materials including the Disclosing Party’s Information, except that one copy of the Disclosing Party’s Information may be retained by the Receiving Party for legal archival purposes only.
3. LICENSEE will not use any of WSU Information for any purpose other than to conduct the Development Plan described in Appendix A in the License Agreement. WSU will not use LICENSEE Information for any purpose other than its own internal research purposes. Specifically but without limitation, the Receiving Party will not use any of the Disclosing Party’s Information for the sale or commercialization of any products or services without first entering into a formal written agreement signed by the Disclosing Party permitting such sale or commercialization.
4. The confidentiality and use obligations set forth above apply to all or any part of any Information provided before or after the Effective Date of the License Agreement except to the extent that:
 - a. the Receiving Party can prove by clear and convincing written contemporaneous evidence that it possessed the Information prior to its receipt from the Disclosing Party, and the Receiving Party promptly so notifies the Disclosing Party in writing;
 - b. the Disclosing Party’s Information was already available to the public or became so through no fault or negligence of the Receiving Party;
 - c. the Disclosing Party’s Information is subsequently disclosed to the Receiving Party by a third party that has the right to disclose it to the Receiving Party free of any obligations of confidentiality;
 - d. the Receiving Party can prove by clear and convincing written contemporaneous evidence that it developed the Information independently and without benefit of the Disclosing Party’s Information;

- e. the Information is required to be disclosed by law or legal process, and reasonable notice in writing of the disclosure has been given to the Disclosing Party, and the Disclosing Party has been given an opportunity, reasonable under the circumstances, to seek protection of such Information;
 - f. the Parties reasonably ascertain non-disclosure of Information to create a risk to a trial subject or to public health and safety.
 - g. As an educational institution of the state of Washington, WSU is subject to Washington State laws and regulations including the Washington Public Disclosure Act, RCW 42.56 et seq. (<http://apps.leg.wa.gov/RCW/default.aspx?cite=42.56>). If a Public Disclosure Act request is made to view Licensee's Confidential CI, and the WSU's Public Records Officer either determines that no exemption to disclosure applies or is unable to determine whether an exemption to disclosure applies, WSU will notify Licensee of the request and the date that such records will be released to the requester unless Licensee obtains a court order enjoining that disclosure by or before that date. If Licensee fails to obtain a court order enjoining disclosure, WSU will release the requested CI on the date specified. WSU's Public Records Officer (PRO) reserves the right to change the date of such release as the PRO deems necessary and in the public interest.
5. Except as expressly provided in the License Agreement, neither the disclosure of the Disclosing Party's Information to the Receiving Party, the expiration of the period specified in section 2 of this Mutual Confidential Disclosure Agreement, nor the publication of any Information shall be construed to grant the Receiving Party either any implied or express license or any rights to obtain any implied or express license to the Information, any patents arising from or disclosed in the Information, or any other information or technology.

APPENDIX G
MATERIAL TRANSFER AGREEMENT

Pursuant to the License Agreement (herein after, the "License Agreement") to which this Materials Transfer Agreement is attached (hereinafter, the "MTA"), WSU may provide LICENSEE with tangible research materials relating to the Licensed Patents. In the event of any such transfer of materials, LICENSEE agrees as follows:

1. Research Materials. The following research material(s) were developed by (insert name of lead inventor), an employee of WSU (hereinafter "WSU"), working either alone or together with other researchers at WSU and are the property of WSU:

" _____ "

The original research materials described above and any progeny, unmodified derivatives, and any part of the foregoing incorporated in modifications and other substances are the property of WSU and shall hereinafter be referred to as "Research Materials".

2. Purpose of Transfer and Restrictions. In order that LICENSEE may commercialize the technology associated with the Licensed Patents described in the License Agreement, WSU agrees to permit LICENSEE to use the Research Materials solely for the purposes described in the Development Plan described in Appendix A.

LICENSEE will use the Research Materials only at its institutional facilities and only by LICENSEE employees who have the requisite scientific training and experience to safely handle the Research Materials.

LICENSEE will not transfer property rights appurtenant to the Research Materials or any results or new materials resulting therefrom without the prior written consent of WSU.

LICENSEE agrees not to transfer the Research Materials to any outside entity or to anyone who is not employed by LICENSEE without the prior written consent of WSU.

LICENSEE may disclose research results, information, or data resulting from LICENSEE's use of the Research Materials only to LICENSEE's employees, consultants, and subcontractors to whom it is necessary to provide such information for the purpose of commercializing the Licensed Patents from WSU.

LICENSEE shall not incorporate or make part of any patent application the research results, information, or data resulting from LICENSEE's use of the Research Materials except as permitted in the License Agreement to which this MTA is attached to.

Except as expressly provided herein or in the License Agreement, no right or license to the Research Materials is granted or implied as a result of the transfer of the Research Materials to LICENSEE.

3. Compliance. LICENSEE warrants that its use of Research Materials shall be in compliance with all applicable local, state, and federal procedures, rules, regulations, and laws.

4. Termination. LICENSEE shall cease all use of Research Materials upon termination or expiration of the License Agreement. Within fifteen (15) days thereafter, LICENSEE shall return to WSU or destroy (and certify same) all Research Materials in its possession or custody. LICENSEE's obligations with respect to Research Materials shall survive termination or expiration of the License Agreement.

APPENDIX H
LICENSED KNOW-HOW