WSU Office of Commercialization

Attention: Director

Lighty 280/286, PO Box 641060

Pullman, WA 99164

Telephone (509) 335-1120

commercialization@wsu.edu

**Accelerated Startup License AGREEMENT**

**WSU #:**

**AGR #:**

|  |  |
| --- | --- |
| Company (“***Company***”): | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Authorized Representative: | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Title: | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Contact Telephone No.: | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Contact E-mail: | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Company Mailing Address: | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
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Pursuant to the terms and conditions listed hereinafter and subject to third party availability, Washington State University (“***WSU***”), an institution of higher education and an agency of the state of Washington hereby provides to Company, a \_\_\_ research license to the Licensed Intellectual Property(s) (as defined below) effective as of [\_\_\_] (“***Effective Date***”). The term of the research license will be effective on Effective Date and expire (i) six (6) months from the Effective Date or (ii) within eight (8) months of the filing date of the first provisional patent associated with the Licensed Intellectual Property; whichever occurs first. Company acknowledges that the research license is only for the non-commercial evaluation of the technologies and associated Intellectual Property(s). In addition to the research license provided above, subject to third party rights and in accordance with the terms and conditions attached, WSU also provides to Company a six (6) month option *(“****Option Term****”*) to allow for the commercial utilization of the Intellectual Property in the Licensed Field and Licensed Territory, under the standard licensing terms as defined below and will be mutually negotiated in good faith and agreed by both parties within ninety (90) days of WSU receiving written notice from Company of its desire to exercise its option (“***Negotiation Term***”).

In consideration of the mutual covenants and agreements set forth below, the parties covenant and agree as follows.

1. DEFINITIONS

* 1. *“****Licensed Intellectual Property(s)****”* shall refer to and mean all the following Intellectual Property application(s):

|  |  |  |  |
| --- | --- | --- | --- |
| Title | WSU OC # | Patent Number | File Date |
|  |  |  |  |

* 1. “***Licensed Field***” shall mean: [\_\_]
	2. “***Licensed Territory***” shall mean: [\_\_]

2. The Company may select one of the tracks as described in Exhibit 1 and negotiate with WSU to come to mutually agreed on terms that includes terms standard to commercial licenses between universities and industry including, without limitation, clauses providing for payment of reasonable royalties and other compensation to WSU; reimbursement of WSU for all past, present, and future expenses incurred in the preparation, filing, prosecution, issuance, and maintenance of the Licensed Intellectual Property; objective, time-limited due diligence provisions for the development, commercialization and marketing of a product embodying the Licensed Intellectual Property; and product liability indemnification and insurance requirements which are acceptable to WSU. Company acknowledges and agrees that both parties may not be able to negotiate a license agreement within the Negotiation Term, and the Option Term may expire without issuing a commercial license.

3. In the event that the Option Term extends beyond twelve (12) months from the provisional patent filing date associated with the Licensed Intellectual Property, Company agrees to reimburse WSU for all associated Intellectual Property costs within ninety (90) days of WSU invoice to Company.

4. Any license granted to Company will be subject to third party rights and if the Licensed Intellectual Property arose from inventions created under government funded research, the funding agency may retain rights. Licensee agrees that any products that are funded by government funded research will be manufactured substantially in the United States as required under 35 U.S.C. §204 .

5. [For exclusive licenses] In consideration for the rights given to Company by WSU and as an indication of serious intent, Company shall pay to WSU a nonrefundable option fee in the sum of one thousand U.S. Dollars (US$1,000.00) within thirty (30) business days from the Effective Date of this agreement.

6. STANDARD LICENSING TERMS

6.1 WSU hereby grants to Company, to the extent of the \_\_\_ and the \_\_\_, an \_\_, royalty-free license to the Licensed Intellectual Property, without the right to sublicense, to use the Intellectual Property(s) solely for non-commercial, experimental research purposes so that Company may evaluate its interest in negotiating in good faith an exclusive/non-exclusive royalty-bearing license under commercially reasonable terms. No right is conferred by this License to enable Company to produce materials for sale or distribution to third parties for any purpose; provided, however, that Company may furnish sample materials produced using the Licensed Intellectual Property to Company’s prospective customers solely for evaluation purposes. Company shall mark any samples in accordance with Intellectual Property laws.

6.2 The license granted pursuant to Paragraph 1 shall be subject to any third party right and rights the Government of the United States of America may presently have or may assert in the future for any reason including, but not limited to, those rights set forth in 35 U.S.C. §202 and §203 and 37 C.F.R. 401, *et seq.*

6.3 Nothing in this agreement shall be deemed a representation or warranty by WSU of the validity of any of the Licensed Intellectual Property or the accuracy, safety, or usefulness for any purpose, of any technical information, techniques, or practices at any time made available by WSU.

6.3.1 Neither WSU, nor any affiliated entity of WSU shall have any liability expressed or implied whatsoever to Company or any other person for or on account of any injury, loss, or damage, of any kind or nature sustained by, or any damage assessed or asserted again, or any other liability incurred by or imposed upon Company or any other person, arising out of in connection with or resulting from (1) the production, use, or sale of any apparatus or product, or the practice of the Licensed Intellectual Property by the Company ; (2) the use by Company of any technical information, techniques, or practices disclosed by WSU; or (3) any advertising or other promotional activities by Company with respect to any of the foregoing; and

6.3.2 Company shall hold WSU and any affiliated entities of WSU harmless in the event WSU or any affiliated entities is held liable as a result of actions by Company.

6.3.3 Further, Company agrees to assume the defense of (1) any suit brought against WSU or any affiliated entity of WSU resulting from any action of Company undertaken under this license agreement, and (2) any action brought against Company or WSU resulting from any action of COMPANY relating to the Licensed Intellectual Property. Not foregoing the aforementioned, WSU reserves the right to assume any defense for suits brought against WSU or any affiliated entity relating to the Licensed Intellectual Property or this license agreement.

6.4 **COMPANY understands and acknowledges that the subject matter of this agreement has not yet been commercially demonstrated and agrees to accept the risks incident to conducting research using a nascent technology.**

6.5 Company acknowledges that it has evaluated the Licensed Intellectual Property and deems them/it suitable for Company’s purposes for entering into this agreement.

6.6 This agreement shall expire on: (i) the first-year anniversary of the provisional patent filing date associated with the Licensed Intellectual Property, or (ii) the expiration of the Negotiation Term without executing a commercial license, whichever occurs first.

6.7 Company or WSU may terminate this agreement at any time upon sixty (60) days’ written notice, at which time, Company shall cease the practice and use of the Licensed Intellectual Property and return any technical information, prototypes, samples, etc. to WSU or dispose of them.

6.8 Termination of this agreement shall not extinguish any rights or obligations accrued hereunder at the time of termination; and obligations undertaken independent of the license granted under Paragraph 1 of these Standard Terms shall survive termination to the extent necessary to permit their complete fulfillment or discharge.

6.9 Company agrees to notify WSU of any suspected infringement of the Licensed Intellectual Property, and each party shall inform the other of any evidence of such infringement(s) during the term of this agreement. The sole right to institute a suit for infringement rests with WSU, and WSU shall retain all the proceeds thereof.

6.10 Company shall not assign any rights under this agreement not specifically transferable by its terms without the written consent of WSU. WSU may assign its rights hereunder.

6.11 The Parties agree that if any part, term, or provision of this agreement shall be found illegal or in conflict with any valid controlling law, the validity of the remaining provisions shall not be affected thereby.

6.12 Any use by Company of the name of WSU, its employees, or affiliated entities in relation to the rights granted under this agreement, including materials designed for news media, is prohibited without the express written approval of WSU.

6.13 This agreement shall be construed in accordance with the laws of the State of Washington and in the English language, and any action brought to enforce any provision or obligation hereunder shall be brought in a court of competent jurisdiction in the State of Washington.

6.14 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 Company that Company 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.

6.15 No provision of this agreement shall be interpreted for or against any party to this agreement on the basis that said party was the drafting party of the provision and no presumption or burden of proof shall arise disfavoring or favoring any party by virtue of the authorship of any of the provisions of this agreement.

6.16 Company 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 License and that such insurance coverage lists WSU, and the inventors of the Licensed Intellectual Property as additional insureds. Within sixty (60) days after the execution of this Company and thereafter annually between January 1 and January 31 of each year, Company 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.

6.17 Company understands that 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, officers, directors, employees and/or board members of Company, Company understands and agrees to use commercially reasonable efforts to promptly notify WSU. Thereafter, WSU will use its best efforts to ensure that such owners, officers, directors, employees and/or board members provide to the WSU Office of Commercialization and/or appropriate authority/unit of WSU notice of such intended ownership, role as an officer or director, employment or board membership. Company agrees to not hire any current WSU employees, who have contributed to the Licensed Intellectual Property, intellectual property covered by an option or license to Company at the time of hire, during the term of this License, without having previously submitted written notice to the WSU Office of Commercialization.

IN WITNESS whereof the parties have caused this agreement to be duly executed as of the Effective Date.

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| --- | --- |
| **WASHINGTON STATE UNIVERSITY** | **COMPANY** |
| Signature  | Signature  |
| Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Name:  |
| Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Title: Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

**Exhibit 1**

**Commercial Licensing Options**

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| --- | --- | --- | --- |
|  | **Option 1** | **Option 2** | **Option 3** |
| **Issue Fee1** | $1,000 | $1,000 | $1,000 |
| **Equity2,3** | 0% | 3% | 5% |
| **Sales Royalty** | 5% | 2% | 1% |
| **Annual Fee4** | $15,000 | $8,000 | $5,000 |
| **Intellectual Property Cost** **Reimbursement** | Licensee pays past and future cost | Licensee pays past and future cost | Licensee pays past and future cost |

1. Only applicable to exclusive licenses
2. Antidilution Protection: Amount of investment capital raised by startup through which equity percentage does not dilute ($3 million).
3. Startup will pay WSU an amount of all acquisition consideration received equal to the equity percentage in the event there is not an IPO.
4. Begins in year three (3) from license execution as an annual maintenance fee in case the first commercial sale has not occurred by the end of the second anniversary of the License. Will convert to a minimum royalty after first commercial sale.
* Performance Milestones will be established depending on the technology and stage of development.
* Where an innovation has multiple applications or fields of use, for example a platform technology, WSU and the Company will discuss the most appropriate field(s) to include in the license.