

## **LICENSE AGREEMENT**

This License Agreement (the "Agreement") made and effective as of the date of the last Party to sign below (the "Effective Date"), by and between The University of Toledo, a public institution of higher education of the State of Ohio, with a principal place of business at 2801 West Bancroft Street, Toledo, Ohio 43606 (hereinafter, "Licensor"), and \_\_\_\_\_, a corporation organized and existing under the laws of the State of \_\_\_\_\_, with a principal place of business at \_\_\_\_\_ (hereinafter, "Licensee"). Licensor and Licensee may each be referred to in this Agreement individually as a "Party" and collectively as the "Parties."

### **RECITALS**

**WHEREAS**, Licensor is the owner of the Patent Rights (as defined below), which were developed by Drs. \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_;

**WHEREAS**, Licensor desires that the Patent Rights be developed, utilized and commercially exploited to the fullest extent and is willing to grant a license to Licensee in accordance with the terms and conditions hereinafter specified; and

**WHEREAS**, Licensee desires to obtain such license upon the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants contained herein, the Parties hereto agree as follows:

#### **1. BACKGROUND**

- 1.1. Licensor acknowledges that it has certain rights by assignment to the Patent Rights.
- 1.2. Licensee wishes to receive and Licensor is willing to grant certain licenses and rights with respect to the Patent Rights and subject to the provisions set forth herein so Licensee may develop and commercialize products.

#### **2. DEFINITIONS**

- 2.1. "Change of Control" means the acquisition of Licensee by another person or entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger, or consolidation) that results in the transfer of fifty percent (50%) or more of the outstanding voting power of Licensee, or a sale of all or substantially all of the assets of Licensee.
- 2.2. "Confidential" is defined as confidential or proprietary information relating to this Agreement, the Patent Rights, Licensed Products, or Licensed Process(es), including but not limited to patent applications, invention disclosures, trade secrets, scientific knowledge, know-how, processes, inventions, techniques, formulae, products, business operations, royalty rates, licensing terms, business plans, marketing plans, customer requirements, designs, sketches, photographs, drawings, specifications, reports, studies,

findings, data, plans or other records, specimens, biological materials, and/or software of either Party.

- 2.3. "Effective Date" is the date of the last Party to sign below.
- 2.4. "Fully Diluted" means the sum of: (a) the number of all shares of capital stock or other equity interest of Licensee issued and outstanding; (b) the number of shares of capital stock or other equity interest subject to, or reserved in respect of, any outstanding right to acquire capital stock or other equity interest in Licensee; and (c) all shares of capital stock or other equity or profits interest reserved in respect of any plan or other arrangement for the issuance of capital stock or other equity or profits, interest or rights to acquire the same, including, without limitation, any stock option, restricted stock or profits interest plan in place as of the date of the Required Funding Closing as defined in Article 9.2.
- 2.5. "Licensed Process" means any process, which is related to pending applications listed in Appendix A or is covered, in whole or in part, by an issued, unexpired claim or a pending claim contained in the Patent Rights.
- 2.6. "Licensed Product" means any product or part thereof which: (a) is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Patent Rights in the country, in which any such product is made, used, or sold, or (b) is manufactured by using a process, which is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Patent Rights in the country in which any such process is used or in which such product or part thereof is used or sold.
- 2.7. "Licensee" means \_\_\_\_\_ and its related companies. A related company is: (a) a company of which at least fifty percent (50%) of the voting stock is directly or indirectly owned or controlled by Licensee; (b) an organization which directly or indirectly controls more than fifty percent (50%) of the voting stock of Licensee; or (c) an organization which has a majority ownership that is directly or indirectly common to the ownership of Licensee.
- 2.8. "Net Sales" means the total aggregate amount of gross revenue or other compensation actually received from the sale, use, application or other disposition of all Licensed Products and/or Licensed Processes, less:
  - (a) credits issued for returns of Licensed Products or Licensed Process(es) recalled or not accepted by the customer,
  - (b) taxes actually incurred, paid, or collected and remitted to the relevant tax authority in connection with the sale or delivery to the customer, and
  - (c) shipping charges (including freight and insurance) actually paid by the Licensor or sublicensee.

- 2.9. “Otherwise Disposed Of” means: (a) Licensed Product(s) or Licensed Process(es) not sold but delivered by Licensee to others (including deliveries for export), regardless of the basis of compensation, if any; (b) Licensed Product(s) or Licensed Process(es) put into use by Licensee for any purpose other than routine testing of such Licensed Product(s) or Licensed Process(es); and (c) Licensed Product(s) or Licensed Process(es) not sold individually, but sold by Licensee as components or constituents of other products or processes.
- 2.10. “Party” means either Licensor and/or Licensee and, when used in the plural, will mean both.
- 2.11. “Patent Rights” means: (a) the know-how associated, the Invention Disclosure listed in Appendix A attached hereto, (b) any United States or foreign patent applications or patents issuing thereon, which are listed in Appendix A attached hereto, and (c) all patent applications and patents, which are divisions, continuations, reissues, renewals, re-examinations, substitutions, or extensions of or to any patent applications or patents listed in Appendix A.
- 2.12. “Sublicense(s)” will mean an agreement between Licensee and any third party granting a license to the Patent Rights so the sublicensee may make, use or sell Licensed Products and/or Licensed Process(es), in whole or in part, for any term.
- 2.13. “Territory” means \_\_\_\_\_, as permitted by law.

### 3. LICENSE GRANT

- 3.1. Licensor hereby grants to Licensee an exclusive, royalty bearing, license in the Territory to make, have made for its own use and sale, or to use and sell the Licensed Product or Licensed Process to the end of the term for which the Patent Rights are granted to \_\_\_\_\_ (the “Field of Use”), unless sooner terminated according to the terms hereof. Nothing in this Agreement will preclude Licensor from meeting its obligations to grant certain rights to the U.S. Government, as applicable.
- 3.2. Licensor retains the nontransferable right to make and use the Patent Rights for its own internal, non-commercial research and educational purposes. Licensor will have the right to grant the same limited rights to other non-profit research institutions for research purposes only.
- 3.3. The license granted hereunder will not be construed to confer any rights upon Licensee, by implication, estoppel, or otherwise, as to any Patent Rights not specifically set forth in Appendix A, hereof.
- 3.4. Licensee agrees not to assert the invalidity or unenforceability of any claim included in the Patent Rights, including by way of litigation or administrative proceedings, either directly or through any third party.

#### 4. SUBLICENSE

- 4.1. Licensee has the right to enter into sublicensing agreements for the rights, privileges and licenses granted hereunder during the term of this Agreement and renewals thereof. Such Sublicense(s) may not extend past the expiration or termination of this Agreement. Any sublicensee of Licensee will not have the right to further sublicense the Patent Rights without prior notice in writing to Licensor.
- 4.2. Licensee hereby agrees that every sublicensing agreement to which it will be a party and includes the rights, privileges and license granted hereunder will contain a statement that such Sublicense will terminate upon the expiration or termination of Licensee's license rights granted herein. Any such sublicensing agreement will contain terms no less favorable to Licensor than those herein.
- 4.3. Licensee agrees that by granting or entering into any Sublicense, it will not be relieved of any obligation owed to UT under this Agreement. Licensee agrees to provide any Sublicense to Licensor for its written approval prior to entering into such Sublicense.
- 4.4. Licensee agrees to forward to Licensor an unredacted copy of any and all fully executed Sublicense(s), and further agrees to forward to Licensor, annually, within forty-five (45) days after the end of each calendar year for which a Sublicense is in effect, an unredacted copy of each and every report received by Licensee from its sublicensee(s) during the preceding twelve (12) month period under the Sublicense(s).
- 4.5. Licensee will not receive anything of value in lieu of cash, certified funds, or legal tender payments, in consideration for any Sublicense under this Agreement, without the express prior written permission of Licensor.

#### 5. UNITED STATES LAWS

It is understood that Licensor is subject to 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 Parties' 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 will not export data or commodities to certain foreign countries without prior approval of such agency. Licensor neither represents that a license will be required nor that, if required, it will be issued.

#### 6. DUE DILIGENCE

- 6.1. Licensee will use its best efforts, or will cause its sublicensees to use best efforts, to bring one or more Licensed Products or Licensed Processes to market through a thorough, vigorous and diligent program for exploitation of the Patent Rights.
- 6.2. In addition, Licensee will adhere to the following milestones:

- (a) Licensee will submit a written summary on the past year's business activity. Additionally, Licensee will submit a revised business plan whenever there is a material change in Licensee's financial, marketing or technical plans or forecasts, milestone dates, or capitalization.
- (b) Licensee or any sublicensee will utilize due diligence and its best efforts to seek approval by the appropriate agencies of the United States Government for the use of Licensed Products and Licensed Processes in humans.
- (c) Licensee or any sublicensee will, by proper manufacture and distribution, utilize due diligence and its best efforts to promote the sale of Licensed Products and Licensed Processes, through sublicensees or otherwise.

6.3 Licensee's or any sublicensee's failure to perform in accordance with Paragraphs 6.1 and 6.2 above, will be grounds for Licensor to terminate this Agreement, pursuant to Article 23 herein.

## 7. INTELLECTUAL PROPERTY OWNERSHIP

Licensee agrees that Licensor will own all rights to and interests in discoveries, inventions, patents, information and data conceived and/or developed from research or investigation conducted in any Licensor facility or by employees of Licensor acting within the scope of their employment or with funding, equipment, or infrastructure provided by or through Licensor.

## 8. COMPENSATION

8.1. For all rights, privileges and license granted hereunder, Licensee will pay the following compensation to Licensor in the manner hereinafter provided to the end of the term of the Patent Rights or until this Agreement is terminated as hereinafter provided:

(a) Initial License Fee. \_\_\_\_\_ Dollars and Zero Cents (\$\_\_\_\_\_.00) upon the execution of this Agreement.

8.2. Any consideration, excluding royalties, obtained by Licensee as a result of any Sublicense or other arrangements, which transfers Patent Rights, will be paid \_\_\_\_\_ percent (\_\_\_%) to Licensor and \_\_\_\_\_ percent (\_\_\_%) to Licensee. Licensor's share of such consideration will be paid to Licensor by Licensee with the report, as described in Article 12 hereof, for the time period when Licensee obtained such consideration.

8.3. Royalties in an amount equal to \_\_\_\_\_ percent (\_\_\_%) of the Net Sales of the Licensed Product(s) or Licensed Process(es) used, sold, or Otherwise Disposed Of by Licensee and/or any sublicensees will be paid to Licensor. Licensee and/or any sublicensee will pay Licensor quarterly for such royalty payments beginning with the initial sale and continuing for the life of the patent(s) covering Licensed Process or Licensed Products.

8.4. Minimum Annual Payments: Licensee will pay Licensor the following minimum annual payments:

<u>Year Ending December 31</u>	<u>Minimum Annual Payments</u>
2020	
2021	
2022	
2023	
2024	
2025 and thereafter	

In the event that the annual payments to Licensor under this Agreement for any calendar year do not equal or exceed the amounts specified above, Licensor will have the right upon sixty (60) days notice, to terminate this Agreement, unless Licensee pays Licensor a sum equal to the difference between the minimum annual payment specified above and the amount actually paid for such year before the expiration of the sixty (60) day notice period. Failure of Licensor to give the notice as provided in this article in reference to any given year or years is not a waiver of the right to enforce this provision in any subsequent year.

- 8.5. In order to assure Licensor the full royalty payments contemplated in this Agreement, Licensee agrees that in the event any Licensed Product(s) or Licensed Process(es) will be sold for purpose of resale, either (a) to a corporation, firm, or association which, or individual who, owns a controlling interest in Licensee by stock ownership or otherwise, or (b) to a corporation, firm, or association in which the Licensee or its stockholders own a controlling interest by stock ownership or otherwise, the royalties to be paid in respect to such Licensed Product(s) or Licensed Process(es) will be computed upon the gross selling price at which the purchaser for resale sells such Licensed Product(s) or License Process(es) rather than the Net Sales of the Licensee.
- 8.6. Where Licensed Product(s) or Licensed Process(es) are not sold, but are Otherwise Disposed Of, the Net Sales of such Licensed Product(s) or Licensed Process (es), for the purpose of computing royalties, will be the gross selling price at which products or processes of similar kind and quality, sold in similar quantities, are currently being offered for sale by Licensee. Where similar products or processes are not currently being offered for sale by Licensee, the Net Sales of Licensed Product(s) or Licensed Process (es) Otherwise Disposed Of, for the purpose of computing royalties, will be the average gross selling price at which products of similar kind and quality, sold in similar quantities, are then currently being offered for sale by other manufacturers. Where similar products or processes are not currently sold or offered for sale by Licensee or others, then the Net Sales, for the purpose of computing royalties, will be Licensee's cost of manufacture, determined by Licensee's customary accounting procedure, plus one hundred percent (100%).

- 8.7. All payments from Licensee due under this Agreement will be paid to “The University of Toledo” at Toledo, Ohio or at such other place as Licensor may reasonably designate. If any currency conversion will be required in connection with the payment of royalties hereunder, such conversion will be made by using the exchange rate published in the *Wall Street Journal*, on the last business day of the calendar quarterly reporting period to which such royalty payments relate. All payments will be made hereunder in U.S. dollars and are non-refundable.

All payments should be mailed to:

The University of Toledo  
Technology Transfer, MS 218  
2801 West Bancroft Street  
Toledo, OH 43606-3390

## 9. EQUITY INTEREST

- 9.1. In further consideration of the license hereby granted, Licensee agrees that Licensor’s designee, which shall be a 501(c) corporation or any similar entity that is affiliated with Licensor, will be entitled to an equity interest or a holding in Licensee on the basis set forth in Article 9. At the time of transfer of the equity interest or holding to Licensor, Licensee must be a C corporation and the Patent Rights must not have been invalidated or abandoned.
- 9.2. The Equity Transfer Agreement, as attached hereto in Appendix B, is effective as of the closing of Licensee’s next equity financing involving the receipt by Licensee of not less than \_\_\_\_\_ dollars and zero cents (\$\_\_\_\_\_.00) from one or more third party investors in a single transaction or a series of related transactions (the “Required Funding Closing”). Licensee will transfer to Licensor that number of shares of capital stock or other equity interest of the same type and class of equity security purchased or otherwise acquired by the investor(s) that represents \_\_\_\_\_ percent (\_\_\_%) of the Fully Diluted issued and outstanding equity of Licensee (the “Applicable Percentage”), taking the effect of the Required Funding Closing into account; provided, however, that if the terms of the equity purchased or otherwise acquired by the investor(s) include special voting or approval rights (e.g., the investor(s) are entitled to elect a majority of the Board of Directors, or certain actions cannot be taken without the approval of the investor(s)), the voting rights of the capital stock or other equity interest issued to Licensor shall be subordinate to such special voting or approval rights. None of the other rights of the equity issued to Licensor shall be subject to change without the prior written consent of Licensor; subject, however, to any threshold limitations applied on an equal basis to all holders of the same type and class of equity security and further subject to all applicable laws. Licensee shall make such transfer pursuant to, and subject to the terms of, Appendix B.
- 9.3. Notwithstanding Article 9.2, in the event either (a) no Required Funding Closing has occurred within sixty (60) months after the Effective Date of this Agreement (the "Equity Deadline"), or (b) Licensee has entered into an agreement or other

arrangement before the Equity Deadline that resulted in a Change of Control that does not constitute a Required Funding Closing, then in place of the provisions of Article 9.2, Licensee shall transfer to Licensor the Applicable Percentage of the then Fully Diluted issued and outstanding equity of Licensee in the form of the then authorized type and class of capital stock or other equity interest with the most senior rights, determined on the basis of the following order of priority: liquidation preference, conversion rights, anti-dilution protection, dividend or profits preference, redemption and voting. Licensee shall make such transfer pursuant to, and subject to the terms of the Equity Transfer Agreement as of (1) in the case of the Equity Deadline, the date of the Equity Deadline, or (2) in the case of a Change of Control, the date immediately prior to the date of closing of the transaction giving rise to the operation thereof; provided, however, that the voting rights of the capital stock or other equity interest issued to Licensor will not interfere with the control of the person(s) or entity(ies) exercising control as a result of the Change of Control, and will be subordinate to the voting rights of such person(s) or entity(ies). None of the other rights of the equity issued to Licensor will be subject to change without the prior written consent of Licensor, subject, however, to any threshold limitations applied on an equal basis to all holders of the same type and class of equity security and further subject to all applicable laws.

- 9.4. After the transfer of equity to Licensor, Licensor's ownership interest in Licensee will not be diluted or re-valued unless there is a direct proportional dilution or revaluation of the interests of the incorporators, principals, other shareholders and Affiliates of Licensee, including the attributed interests of any related party to such incorporators, principals, other shareholders and Affiliates, to the extent such dilution or revaluation applies to the same type and class of equity security held by Licensor. For purposes of this Article, "related party" shall be defined by Section 672 of the United States Internal Revenue Code, as amended, as of the date hereof, and "attributed" shall be defined by Section 318 of the United States Internal Revenue Code, as amended, as of the date hereof.

## 10. PATENT PROSECUTION

- 10.1. Licensor will apply for, seek prompt issuance of, and maintain during the term of this Agreement the Patent Rights in name of Licensor in the United States and in the foreign countries. The prosecution, filing, and maintenance of all Patent Rights, patents and applications will be the primary responsibility of Licensor; provided, however, Licensor will communicate to and provide information to Licensee on a regular basis as to the status of the applications.
- 10.2. Payment of all fees and costs relating to the filing, prosecution, and maintenance of the Patent Rights in the United States of America and other countries will be the responsibility of Licensee whether such fees and costs were incurred before or after the date of this Agreement. Licensee acknowledges and agrees that the pre-Effective Date patent costs, which now total \_\_\_\_\_ dollars and \_\_\_\_\_ cents (\$ \_\_\_\_\_), will be due and payable upon the Effective Date of this Agreement. Licensee will

reimburse Licensor for the post-Effective Date patent costs within thirty (30) days of being invoiced for such costs by Licensor.

- 10.3. Licensee will cooperate fully in the preparation, filing, prosecution and maintenance of Patent Rights and of all patents and patent applications licensed to Licensee hereunder, executing all papers and instruments or requiring members of Licensee to execute such papers and instruments so as to enable Licensor to apply for, to prosecute and to maintain patent applications and patents in Licensor's name in any country. Each Party will provide to the other prompt notice as to all matters which come to its attention and which may affect the preparation, filing, prosecution or maintenance of any such patent applications or patents. In particular, Licensee must immediately notify Licensor if Licensee or any affiliate or sublicensee does not qualify as a "small entity" as provided by the United States Patent and Trademark Office.
- 10.4. In the event that Licensee determines that it will not support, for any reason, the filing, prosecution and/or maintenance of any foreign or domestic patent application or patent on any invention relating to the Patent Rights licensed hereunder, it will notify Licensor of its decision no later than sixty (60) days prior to the due date of any pending patent office actions. Such notice will not relieve Licensee from the responsibility to reimburse Licensor for patent-related expenses incurred prior to the expiration of the (60) day notice period (or such longer period specified in Licensee's notice). Licensor will thereafter have the sole and exclusive right to file, prosecute and/or maintain any such patent application or patent, either foreign or domestic, at its own expense; and any patent issuing therefrom will not be included among Patent Rights and Licensee will forfeit any right to the Patent Rights covered by such patent application or patent unless this Agreement will be amended, in writing, to include such patent application or patent. Licensee agrees to cooperate in filing patent applications in Licensor's name on any such invention and/or improvement where Licensee declines to proceed at its own expense.
- 10.5. Licensee agrees to fully cooperate in any effort to recapture any regulatory approval period to extend the lifetime of any patents covered under Patent Rights. The extent of Licensee's cooperation includes, but is not limited to, the sharing of any Licensee information required for the Licensor to pursue the extension of the lifetime of patent covered under Patent Rights.

## 11. CONFIDENTIALITY

The Parties agree to hold in confidence all information received from the disclosing Party and marked as "Confidential" and not to disclose it to any third party or use it for any purpose except as provided herein. The foregoing restrictions on use and disclosure will continue for a period of three (3) years following termination or expiration of this Agreement, but will not apply to:

- (a) information already available to the public at the time of disclosure;

- (b) information which hereafter becomes generally available to the public through no fault of receiving Party;
- (c) information which the receiving Party acquires from a third party legally entitled to disclose the information;
- (d) information to the receiving Party, as evidenced by its written records, prior to receipt of the information by the receiving Party from the disclosing Party;
- (e) information which is required to be disclosed by law, rule or regulation, including Ohio Public Record laws; and,
- (f) information that is independently developed by employees or agents of either Party without access to the information from the other Party.

## 12. BOOKS, RECORDS, AUDITS

- 12.1. Licensee will keep full, true and accurate books of account containing all particulars that may be necessary for the purpose of showing the amounts due and payable to Licensor hereunder. Said books of account will be kept at Licensee's principal place of business or the principal place of business of the appropriate division of Licensee to which this Agreement relates. Said books and the supporting data will be open at all reasonable times for five (5) years following the end of the calendar year to which such books pertain, for inspection and audit by Licensor or its agents for the purpose of verifying Licensee's royalty statements or compliance in other respects with this Agreement. Should such inspection and audit lead to the discovery of a discrepancy in reporting, which is greater than five percent (5%), Licensee agrees to pay the full costs of such inspection and audit.
- 12.2. Licensee, within sixty (60) days after March 31, June 30, September 30 and December 31, of each year, will deliver to Licensor true and accurate reports signed by an officer of Licensee, giving such particulars of the business conducted by Licensee and its sublicensees during the preceding three (3) month period under this Agreement as will be pertinent to a royalty accounting and accounting for other compensation hereunder. These reports will include at least the following:
  - (a) number of Licensed Products manufactured, sold or Otherwise Disposed Of.
  - (b) total invoice price for Licensed Products sold or Otherwise Disposed Of.
  - (c) accounting for all Licensed Processes used, sold or Otherwise Disposed Of.
  - (d) deductions applicable as provided in Article 2.8.
  - (e) total royalties due.
  - (f) names and addresses of all sublicensees of Licensee.

(g) other compensation received by Licensee during the reporting period.

- 12.3. With each such report submitted, Licensee will pay to Licensor the royalties and/or any other payments due and payable under this Agreement. If no royalties and/or other payments will be due, Licensee is still required to report.
- 12.4. On or before the ninetieth (90<sup>th</sup>) day following the close of Licensee's fiscal year, Licensee will provide Licensor with Licensee's certified financial statements for the preceding fiscal year, including, at a minimum, a Balance Sheet and an Operating Statement.
- 12.5. The royalty payments and/or other payments set forth in this Agreement, if overdue, will bear interest at a per annum rate one percent (1%) above the prime interest rate, published in the *Wall Street Journal*, on the due date until full payment is made. The payment of such interest will not foreclose Licensor from exercising any other rights it may have as a consequence of the lateness of any payment.
- 12.6. Beginning in 2020, on and before January 31 of each year, Licensee will make a written annual report to Licensor covering the preceding year ending December 31 regarding the progress of Licensee toward commercial use(s) of Licensed Product(s) and Licensed Process(es). Such report will include, as a minimum, information sufficient to enable Licensor to satisfy reporting requirements of the U.S. Government and for Licensor to ascertain progress by Licensee toward meeting the diligence requirements of Article 6.

### 13. INDEMNIFICATION

- 13.1. Licensee agrees to release, indemnify and hold harmless the State of Ohio, Licensor, its Trustees, officers, faculty, employees and agents against any and all losses, expenses, claims, actions, lawsuits and judgments thereon (including attorney's fees) which may be brought against the State of Ohio, Licensor, its Trustees, officers, faculty, employees or agents as a result of or arising out of any act or omission of Licensee, its agents, or employees under this Agreement, including but not limited to those arising out of the production, manufacture, sale, lease, consumption or advertisement by Licensee or any third party of any Licensed Product(s), Licensed Processes(es), or Patent Right licensed under this Agreement.
- 13.2. This agreement to indemnify and hold harmless set forth above will continue after the termination of this Agreement.

### 14. ADVERSE EFFECTS

Licensor and Licensee agree to report to any regulatory body within the statutory term and to the other, within forty-eight (48) hours from receipt of information, any serious adverse effect that is reported to occur because of the use of products or processes associated with the Patent Rights.

## 15. PATENT INFRINGEMENT

- 15.1. Licensee will have the sole and exclusive right to enforce Licensor's Patent Rights and to file suit to enforce such Patent Rights, using counsel of Licensee's choice. Licensee will also have the sole and exclusive right to defend all charges of infringements, using counsel of Licensee's choice, arising from the development, manufacture, use or sale of Licensed Product(s) or Licensed Processes. Any infringement prosecution or defense will be at Licensee's expense. Licensee will further have the sole and exclusive right to settle and compromise any such controversy with third parties on terms that it, in its sole discretion, deems right and proper; provided only, that Licensee will not grant to any third party a Sublicense which is less favorable to Licensor in terms of royalty payments payable to Licensor than the terms provided for herein, unless and until Licensee obtains Licensor's written approval of such less favorable terms. Any recovery obtained by Licensee as the result of any such proceedings, by settlement or otherwise, will be applied first to pay Licensee's cost and expenses of the proceeding, including attorney's fees and any remaining recovery should be equally distributed between Licensor and Licensee.
- 15.2. In the event that Licensee will determine, for any reason, that it does not choose to enforce Licensor's Patent Rights, then Licensee agrees to promptly notify Licensor of such decision; and thereafter, Licensor will have the sole and exclusive right to enforce Licensor's Patent Rights solely at its expense and any and all such recoveries will be awarded solely and exclusively to Licensor.
- 15.3. In the event that one Party elects to prosecute and defend an infringement action, pursuant to Paragraphs 15.1 or 15.2, the other Party will cooperate and supply technical assistance reasonably requested by the other Party for the conduct of the proceeding.
- 15.4. Licensee will, at all times during the term of this Agreement and thereafter, indemnify, defend and hold the State of Ohio, Licensor, its Trustees, officers, employees and agents, harmless against all claims and expenses, including legal expenses and attorneys' fees arising from any claims based on patent, trademark, or copyright infringement. The provisions of this Paragraph 15.4 will survive the expiration or termination of this Agreement.

## 16. PRODUCT LIABILITY/WARRANTIES/INSURANCE

- 16.1. Licensee will, at all times during the term of this Agreement and thereafter, indemnify, defend and hold the State of Ohio, Licensor, its Trustees, officers, employees and affiliates, harmless against all claims and expenses, including legal expenses and 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 resulting from the production, manufacture, sale, use, lease, consumption or advertisement of the Licensed Product(s) and/or Licensed Process(es) or arising from any obligation of Licensee hereunder. Licensee agrees that this language will be included in any sublicense agreement.

- 16.2. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, LICENSOR MAKES NO REPRESENTATIONS AND EXTENDS 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. Licensee agrees that this language will be included in any sublicense agreement.
- 16.3. Upon initiation of human clinical trials, Licensee agrees to maintain, during the term of this Agreement, Comprehensive General Liability Insurance, including Products Liability Insurance, with reputable and financially secure insurance carrier(s) to cover the activities of Licensee. The insurance policy will name Licensor, its trustees, directors, officers, employees, students and agents as additional insured. The insurance must provide minimum limits of liability of One Million United States Dollars (\$1,000,000.00), which will increase to normal industry standards, with a minimum of One Million United States Dollars, upon the first sale by Licensee. The insurance must cover claims incurred, discovered, manifested, or made during or after the expiration or termination of this Agreement. Licensee must furnish Licensor with a Certificate of Insurance evidencing coverage two (2) months prior to the initiation of human clinical trials, must notify Licensor at least fifteen (15) days prior to termination of such insurance, and must provide Licensor with a Certificate of Insurance evidencing coverage upon request. Any Sublicense will require Licensee and Licensor approval of the sublicensee's insurance coverage. Licensee and Licensor will remain as an additional insured on sublicensee's policy to cover the possibility of suit/litigation brought in any foreign country. Any Sublicense will require that the Sublicense names Licensee and Licensor as additional named insureds under any required insurance policy.
- 16.4. Licensee acknowledges that failure on its part to fully comply with Paragraph 16.3 above will result in the immediate revocation of this License Agreement. Licensee will provide Licensor copies of said policies of insurance immediately upon receipt thereof. Licensee will provide Licensor with written notice at least fifteen (15) days prior to the cancellation, non-renewal or material change in said policies of insurance; if Licensee does not obtain replacement insurance providing comparable coverage within such fifteen (15) day period, Licensor will have the right to terminate this Agreement effective at the end of such fifteen (15) day period without notice or any additional waiting period.

## 17. MARKING AND STANDARDS

- 17.1. Licensee agrees to mark the Licensed Products sold or Otherwise Disposed Of in the United States with all applicable United States patent numbers. All Licensed Products shipped to or sold in other countries will be marked in such a manner as to conform to the patent laws and practice of the country of manufacture or sale.

17.2. Licensee further agrees to maintain satisfactory standards in respect to the nature of the Licensed Product manufactured and/or sold by Licensee. Licensee agrees that all Licensed Products manufactured and/or sold by it will be of the quality, which is appropriate to products of the type here involved. Licensee agrees that similar provisions will be included in any Sublicense(s).

## 18. ASSIGNMENT

18.1. This Agreement may not be assigned, sold, transferred or otherwise disposed of by Licensee without the express written consent of an authorized official of Licensor.

18.2. This Agreement will extend to and be binding upon the successors and legal representatives and permitted assigns of Licensor and Licensee.

## 19. NOTICE

19.1. Any notice, report or other correspondence (hereinafter collectively referred to as "correspondence") required or permitted to be given hereunder will be mailed by certified mail or delivered by hand to the Party to whom such correspondence is required or permitted to be given hereunder. If mailed, any such notice will be deemed to have been given when mailed as evidenced by the postmark at point of mailing. If delivered by hand, any such correspondence will be deemed to have been given when received by the Party to whom such correspondence is given, as evidenced by written and dated receipt of the receiving party.

All correspondence to Licensee will be addressed as follows:

[INSERT ADDRESS]

All correspondence to Licensor will be addressed as follows:

Technology Transfer  
MS 218  
The University of Toledo  
2801 West Bancroft Street  
Toledo, OH 43606-3390

Either Party may change the address to which correspondence to it is to be addressed by notification as provided herein.

## 20. USE OF NAME

Neither Party may use the name of the other Party, nor its employees, in publicity or promotional materials without the express written consent of the authorized representative of the named party. However, neither Party will be restricted from disclosing the existence of this Agreement or the identity of the Parties. Additionally, Licensee agrees that Licensor may include a brief summary of the company's mission and logo on the Licensor's website.

The Parties agree to issue a mutually acceptable press release upon the execution of this Agreement.

## 21. INDEPENDENT CONTRACTORS

The Parties hereby acknowledge and agree that each is an independent contractor and that neither Party will be considered to be the agent, representative, master or servant of the other Party for any purpose whatsoever, and that neither Party has any authority to enter into a contract, to assume any obligation or to give warranties or representations on behalf of the other Party. Nothing in this relationship will be construed to create a relationship of joint venture, partnership, fiduciary or other similar relationship between the Parties.

## 22. GOVERNING LAW

This Agreement will be governed by and interpreted in accordance with the laws of the State of Ohio, except that questions affecting the construction and effect of any patent will be determined by the law of the country in which the patent was granted.

## 23. TERMINATION

- 23.1. This Agreement is effective when signed by both Parties and will extend to the expiration of the last to expire of the licensed Patent Rights unless sooner terminated as provided in this Article 23.
- 23.2. If Licensee will cease to carry on its business, this Agreement will terminate immediately.
- 23.3. Nonpayment for more than sixty (60) days of any payment due to Licensor will be considered a breach of this Agreement and will be cause for termination of this Agreement. Should Licensee fail to pay Licensor royalties and/or license maintenance fees due and payable hereunder, Licensor will have the right to terminate this Agreement on thirty (30) days' notice, unless Licensee will pay Licensor, within the thirty (30) day period, all such royalties and interest due and payable. Upon the expiration of the thirty (30) day period, if Licensee will not have paid all such royalties and interest due and payable, the rights, privileges and license granted hereunder may be terminated by Licensor.
- 23.4. Licensor and Licensee will have the right to terminate this Agreement if the other Party commits a material breach of an obligation under this Agreement and continues in default for more than sixty (60) days after receiving written notice of such default. Such termination will be effective upon further written notice to the breaching Party after failure by the breaching Party to cure such default.
- 23.5. Licensee will have the right to terminate this Agreement at any time on six (6) months notice to Licensor, and upon payment of all amounts due Licensor through the effective date of the termination. Upon termination, a final report signed by an officer of the Licensee will be submitted and all amounts due, including any royalty payments and

unreimbursed patent expenses due, to Licensor become immediately payable. Upon request by Licensor, all Licensed Products and Confidential Information will be returned to Licensor.

23.6. Upon termination of this Agreement for any reason, nothing herein will be construed to release either Party from any obligation that matured prior to the effective date of such termination. Licensee and any sublicensee will, upon the effective date of such termination, immediately suspend its use and sale of the Patent Rights. Additionally, Licensee will provide Licensor with all data and know-how developed by Licensee and/or sublicensee.

23.7. Articles 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 19, 21, 22, 23 and any other provisions that by their nature are intended to survive will survive termination of this Agreement.

23.8. Any termination of this Agreement will be without prejudice to Licensor's right to recover all amounts accruing to Licensor prior to such termination and cancellation.

23.9. In the event that Licensee becomes insolvent, makes an assignment for the benefit of creditors, or has a petition in bankruptcy filed for or against it, this Agreement will terminate immediately.

#### 24. OTHER RELATIONSHIPS

Licensee acknowledges that Licensor may have ongoing relationships, sponsored research, or licensing agreements with other companies and organizations that may be in competition with Licensee.

#### 25. CAPTIONS

All captions and paragraph headings of this Agreement are solely for the convenience of reference and will not affect its interpretation.

#### 26. SEVERABILITY

Should any part or provision of this Agreement be held unenforceable or in conflict with the applicable laws or regulations of any jurisdiction, the invalid or unenforceable part or provision will be replaced with a provision which accomplishes, to the extent possible, the original business purpose of such part or provision in valid and enforceable manner, and the remainder of the Agreement will remain binding upon the Parties hereto.

#### 27. AMENDMENT

No amendment or modification of the terms of this Agreement will be binding on either Party unless reduced to writing and signed by an authorized officer of the Parties to be bound.

28. WAIVER

No failure or delay on the part of a Party in exercising any right hereunder will operate as a waiver of or impair any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be deemed a waiver of any other right hereunder.

29. COUNTERPARTS

This Agreement may be executed in one or more counterparts including signing a facsimile or scanned electronic version. Each counterpart shall be deemed an original and all counterparts together shall constitute one and the same instrument.

30. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parties hereto respecting the Patent Rights hereof, and supersedes and terminates all prior agreements, respecting the subject matter hereof, whether written or oral, and may be amended only by an instrument in writing executed by both Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized to be effective as of the Effective Date.

**THE UNIVERSITY OF TOLEDO**

By: \_\_\_\_\_  
Frank J. Calzonetti, PhD  
Vice President for Research

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Drs. \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ agree to forego and will refuse to accept any portion of income, royalty, fees, equity or other economic benefits received by Licensor. Drs. \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ specifically waive their rights under rules, regulations, policies, and by-laws of The University of Toledo with respect to income, royalty, fees, or other economic benefits received by The University of Toledo resulting from the License Agreement with \_\_\_\_\_.

AGREED TO AND ACCEPTED:

AGREED TO AND ACCEPTED:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## APPENDIX A

### **Know-how, Pending Patent Applications, and Patents**

Invention Disclosure No.: \_\_\_\_\_ Patent Application Serial No.: \_\_\_\_\_ filed \_\_\_\_\_  
and any continuations, divisional applications or any reissues, reexaminations, substitutions, or  
extensions thereof, and any corresponding foreign patent applications.

DRAFT

## APPENDIX B

**Equity Transfer Agreement  
By and between  
The University of Toledo  
And  
[Insert Company Name]**

This Agreement is effective as of \_\_\_\_\_ (the “Effective Date”), by and between **The University of Toledo**, an institution of higher education of the State of Ohio, located at 2801 West Bancroft Street, Toledo, OH 43606 (hereinafter, “Licensor”), and [Insert Company Name], a company organized and existing under the laws of the State of [\_\_\_\_], located at [Insert Address] (hereinafter, “Licensee”).

### RECITALS

Pursuant to the License Agreement executed by the parties on [Insert Date] (the “License”), Licensor licensed certain Patent Rights to Licensee.

Pursuant to Article 9 of the License and in consideration thereof, Licensee agreed to transfer to Licensor a specified portion of the equity interest in Licensee at the time and on the basis described in Article 9 of the License.

The obligation of Licensee to issue such equity to Licensor has matured.

Now, therefore, in consideration of the License, Licensee and Licensor agree as follows:

### **ARTICLE 1 - TRANSFER OF EQUITY**

1.1 In partial consideration of the License and in satisfaction of the requirements of Article 9 thereof, Licensee will, upon execution of this Agreement, issue Licensor’s designee, which shall be a 501(c) corporation or any similar entity that is affiliated with Licensor, a duly endorsed certificate for \_\_\_\_\_ shares or units, as applicable, of [TYPE OF STOCK OR EQUITY INTEREST REQUIRED BY ARTICLE 9 OF THE LICENSE] of Licensee (the “Licensor Equity”). The Licensor Equity is subject to the designations, powers, preferences and rights, and qualifications, limitations and restrictions set forth in Licensee’s charter or other applicable instrument relating thereto.

### **ARTICLE 2 - LICENSEE REPRESENTATIONS AND WARRANTIES**

2.1 Licensee represents and warrants to Licensor that:

- (a) Licensee is validly organized and existing in good standing in the State of [\_\_\_\_] and has the power and authority to enter into this Agreement and to issue the Licensor Equity as contemplated hereby;

- (b) this Agreement is a valid and binding obligation of Licensee, enforceable in accordance with its terms, except as limited by laws relating to creditors' rights and general principals of equity;
- (c) issuance of the Licensor Equity satisfies all of the requirements of Article 9 of the License;
- (d) upon issuance pursuant to this Agreement, the Licensor Equity will be free of any lien, charge or other encumbrance, and will be validly issued, fully-paid and non-assessable; and
- (e) issuance of the Licensor Equity does not and will not violate (i) the articles, charter, bylaws or operating agreement, as applicable, of Licensee (ii) any rights of preemption, first offer, first refusal, co-sale, registration, dividends or similar rights (collectively, "Equity Rights") which have not been duly waived, (iii) any agreement by which Licensee, its owners, property or assets are bound, or (iv) any applicable federal or state securities law, rule or regulation.

### ARTICLE 3 - ADDITIONAL RIGHTS

3.1 The stock transfer made hereto is made pursuant to and subject to Article 9 of the License.

3.2 Licensor acknowledges that:

- (a) The Licensor Equity may not be registered under the Securities Act;
- (b) Licensor is taking the Licensor Equity for its own account and not with a view towards resale or redistribution thereof; provided, however, that Licensor may assign its rights to the Licensor Equity to a designee that is affiliated with Licensor prior to Licensor's receipt of the Licensor Equity, provided such assignee acknowledges the provisions of this Article 3.2;
- (c) Licensor has had an opportunity to review and discuss Licensee's business plan [***REFERENCES TO OTHER INFORMATION, IF ANY, REVIEWED BY LICENSOR AT THE TIME OF ISSUANCE OF THE LICENSOR EQUITY, TO BE INSERTED PRIOR TO EXECUTION OF THIS EQUITY TRANSFER AGREEMENT***]. Licensor has had all questions which have been asked answered by Licensee's management to its satisfaction. Licensor has not been offered the Licensor Equity by any form of advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio;
- (d) Licensor understands that the Licensor Equity has not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of Licensor's representations as expressed herein. Licensor understands that the

Licensor Equity are “restricted securities” under applicable U.S. federal and state securities laws and that, pursuant to these laws, Licensor must hold the Licensor Equity indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. Licensor acknowledges that Licensee has no obligation to register or qualify the Licensor Equity for resale. Licensor further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Licensor Equity, and on requirements relating to Licensee which are outside of Licensor’s control, and which Licensee is under no obligation and may not be able to satisfy; and

- (e) except as provided in item (b) of this Article 3.2, the Licensor Equity may not be sold or transferred unless (i) registered under the Securities Act and registered or qualified under applicable state securities laws, or (ii) pursuant to an applicable exemption from such registration or qualification requirements and Licensee receives an opinion of counsel reasonably acceptable to Licensee to the effect that no such registration or qualification is required. Accordingly, until the Licensor Equity has been registered under the Securities Act or Licensee receives an opinion of counsel to Licensee to the foregoing effect or to the effect that the Licensor Equity can be freely transferred under Rule 144 promulgated under the Securities Act, the certificate or other instrument evidencing the Licensor Equity will bear the following legend:

THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW. NEITHER THIS SECURITY NOR ANY PORTION HEREOF OR INTEREST HEREIN MAY BE SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF UNLESS THE SAME IS REGISTERED UNDER SUCH ACT AND ANY APPLICABLE STATE SECURITIES LAW, OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE ISSUER SHALL HAVE RECEIVED, AT THE EXPENSE OF THE HOLDER HEREOF, EVIDENCE OF SUCH EXEMPTION REASONABLY SATISFACTORY TO THE ISSUER (WHICH MAY INCLUDE, AMONG OTHER THINGS, AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER).

3.3 Except for the sale of Licensor Equity in a public exchange, e.g. NASDAQ, any transfer of the Licensor Equity by Licensor must be made subject to Licensee’s right of first refusal pursuant to the following steps:

- (a) Licensor shall give written notice (the “Sale Notice”) to Licensee of its intention to transfer the Licensor Equity. The Sale Notice shall (i) identify the proposed transferee and the number of shares of the Licensor Equity to be transferred to such transferee, (ii) the price per share, and (iii) the terms of payment. A Sale Notice will be considered as Confidential Information.

- (b) Licensee will have the option to purchase at the price and on the same terms and conditions specified in the Sale Notice all or none of the Licensor Equity referred to in the Sale Notice. Within thirty (30) days after delivery of the Sale Notice to Licensee, Licensee must give written notice to Licensor regarding its intent to purchase the offered shares of the Licensor Equity. If Licensee does not give such written notice within such thirty (30) day period, then Licensee will be deemed to have elected not to purchase all of the Licensor Equity referred to in the Sale Notice.
- (c) If Licensee elects to purchase all of the Licensor Equity set forth in the Sale Notice, Licensee will purchase such Licensor Equity at the price and on the same terms and conditions specified in the Sale Notice.
- (d) If Licensee does not elect to purchase all of the Licensor Equity set forth in the Sale Notice, then such Licensor Equity or Equity may be transferred to the transferee identified in the Sale Notice on the terms and conditions specified in the Sale Notice. Such transfer of Licensor Equity shall not be made after the ninetieth (90<sup>th</sup>) day following the day on which the Sale Notice was given, nor shall any change in the terms and conditions of transfer be permitted without Licensor first giving to Licensee a new Sale Notice in compliance with the requirements of Article 3.3.
- (e) Notwithstanding the foregoing, the right of first refusal set forth in this Article 3.3 shall not apply to any transfer of Licensor Equity to an assignee that is affiliated with the Licensor. Any transferred Licensor Equity shall remain “Licensor Equity” hereunder, and such pledgee, transferee or donee shall be subject to the terms and conditions of this Agreement.

#### **ARTICLE 4 - ASSIGNMENT**

4.1 This Agreement is not assignable by LICENSEE.

#### **ARTICLE 5 - BINDING EFFECT**

5.1 All of the covenants and provisions of this Agreement shall bind and inure to the benefit of successors and permitted assigns and transferees of LICENSEE and LICENSOR.

#### **ARTICLE 6 - NOTICE**

6.1 Any notice, request, payment, demand or other communication that either party wishes to give to the other party must be in writing and will be deemed properly given when hand delivered or deposited with the U.S. postal service authorities for transmittal by registered or certified mail, postage prepaid. The communications will be sent to the following addresses or such other addresses as the parties from time to time may specify:

To LICENSEE: [Insert Contact Information]

To LICENSOR: Technology Transfer

MS 218  
The University of Toledo  
2801 West Bancroft Street  
Toledo, OH 43606-3390

**ARTICLE 7 - GOVERNING LAW**

7.1 This Agreement will be construed and interpreted under the laws of the State of Ohio, without reference to its conflict of laws provisions or the conflict of laws provisions of any other jurisdiction.

**ARTICLE 8 - COUNTERPARTS**

8.1 This Agreement may be executed in any number of counterparts and by facsimile, each of which will be an original, but all of which together shall constitute one and the same instrument.

**ARTICLE 9 - INTEGRATION**

9.1 This Agreement and the License constitute the entire understanding of the parties with regard to the subject matter hereof and thereof, and revokes and supersedes all prior agreements between the parties and is intended as a final expression of their agreement. The parties may amend or modify this Agreement in writing.

IN WITNESS WHEREOF, Licensee and Licensor have executed this Agreement as of the date first written above.

The University of Toledo

[Insert Company Name]

\_\_\_\_\_  
[Insert Name of Authorized Signatory]

\_\_\_\_\_  
[Insert Name of Authorized Signatory]

\_\_\_\_\_  
[Insert Title of Authorized Signatory]

\_\_\_\_\_  
[Insert Title of Authorized Signatory]

Date \_\_\_\_\_

Date \_\_\_\_\_