

<b>Type/Clase :</b>	Contrat-type /Model contract /Modelo de contrato
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**LICENSING AGREEMENT  
BETWEEN  
A CORPORATION as Licensor  
AND  
A CORPORATION as Licensee**

**for a non-exclusive license to manufacture, use and sell  
products produced through the use of recombinant DNA  
technology**

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(not part of the License Agreement)

**RECITALS**

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The terms of this Agreement apply only for  
licenses signed before January 1, 199\_\_.

## LICENSE AGREEMENT

This Agreement, effective as of \_\_\_\_\_ 19\_\_, is  
between \_\_\_\_\_,  
a \_\_\_\_\_ corporation having a principal place of business  
at \_\_\_\_\_, (hereinafter "Licensor") and \_\_\_\_\_  
\_\_\_\_\_, a \_\_\_\_\_ corporation having a  
principal place of business at \_\_\_\_\_ (hereinafter  
"Licensee").

### WHEREAS

- A. Licensor is the owner of certain patents and patent applications relating to basic methods of producing useful products by recombinant DNA technology.
- B. Licensor does not wish to have these patents hinder the development of products produced by others through the use of recombinant DNA technology and is willing to grant licenses for the development of products for public use and benefit as specified in this Agreement and to contribute the royalties from such licenses to the Licensor Research Foundation.
- C. Licensee desires to obtain a license under the terms and conditions specified herein.

NOW, THEREFORE, the parties agree as follows:

### 1. DEFINITIONS

Unless otherwise specifically set forth herein, the following terms shall have the following meanings:

1.01 "Affiliate" of Licensee shall mean any entity that controls, is controlled by or is under common control with Licensee; and "control" for purposes of this definition shall mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting stock, by contract or otherwise. In the case of a corporation, "control" shall mean the direct or indirect ownership of more than fifty percent (50%) of the outstanding voting stock.

1.02 "Bulk Product" shall mean Licensed Product supplied in a form other than Finished Product which may be converted into Finished Product.

1.03 "Cost of Product" shall mean the cost of acquisition, if purchased, or the cost of manufacture, the latter being the sum of direct production costs and manufacturing overhead costs determined in accordance with generally accepted accounting principles.

1.04 "End User" means a person or entity whose use of a product results in its consumption or destruction, loss of activity or loss of value.

1.05 "Finished Product" shall mean any and all products in form for use by an End User and not intended for further chemical or genetic manipulation or transformation.

1.06 "Licensed Patents" shall mean U.S. Patent No. \_\_\_\_\_ and U.S. Patent No. \_\_\_\_\_; any and all patents maturing from applications that are divisionals, continuations or continuations-in-part of the parent applications of any of the foregoing; foreign counterparts, if any, of the foregoing; and any and all re-issues or extensions of any of the foregoing, to the extent, and only to the extent, that the patents would be infringed by the unauthorized manufacture, use or sale of Licensed Products.

1.07 "Licensed Products" shall mean all products except those listed in Schedule A of this Agreement, the manufacture, use or sale of which is covered by one or more claims of a Licensed Patent, which Licensed Patent has neither expired nor been held invalid by a court or other body of competent jurisdiction from which no appeal has been or may be taken.

1.08 "Net Sales" shall mean the gross invoice or contract price to customers for Finished Products less five percent (5%) in lieu of all other deductions. For Licensed Product sold in combination with one or more active ingredients, Net Sales shall be calculated by multiplying Net Sales of the combination product by the fraction  $A/(A+B)$  where A is the sales price of the Finished Product in the combination when sold separately and B is the total sales price of all other active ingredients in the combination when sold separately. If the Finished Product and the other active ingredients are not sold separately, Cost of Product shall be substituted for sales price in the above formula for each of the components of the combination product.

Net Sales for Bulk Products shall be calculated by doubling the gross invoice or contract price of Bulk Products sold to non-affiliated customers.

1.09 "Party" shall mean Licensor or Licensee and when used in the plural shall mean Licensor and Licensee.

## 2. GRANT

2.01 *Licensee.* Subject to the fulfillment by Licensee of all the terms and conditions of this Agreement, Licensor hereby grants to Licensee and Licensee hereby accepts a non-exclusive, non-transferable license under Licensed Patents for the term thereof to make, use and sell Licensed Products, without the right to grant sub-licenses except to Affiliates of Licensee.

2.02 *Schedule A Products.* Products listed on Schedule A are explicitly excluded from Licensed Products. However, licenses may be available for certain of these

products for some fields of use, and Licensee may request and Licensor shall consider amendment of this Agreement to include a license for a specific product from Schedule A for certain fields of use.

2.03 *No Other License.* Licensee understands and agrees that no license under any patent other than Licensed Patents is or shall be deemed to have been granted under this Agreement, either expressly or by implication.

### 3. FEES AND ROYALTIES

3.01 *License Grant Fee.* Within thirty (30) days after execution of this Agreement, Licensee shall pay to the Licensor Research Foundation a non-refundable license grant fee of \$10,000. Licensee may credit such fee against earned royalties as provided in Section 3.05.

3.02 *Minimum Annual Royalties.* On or before the fifteenth day of January of each calendar year beginning in 1991, Licensee shall pay to the Licensor Research Foundation a minimum annual royalty of \$10,000. Such payment shall be non-refundable but shall be creditable against earned royalties as provided in Section 3.05.

3.03 *Earned Royalties* Licensee shall pay to the Licensor Research Foundation a royalty of one-half percent (0.5%) of total Net Sales of Licensed Products sold by Licensee and its Affiliates after January 1, 1990.

3.04 *Sales To and Between Affiliates.* No royalties shall be due upon sales of Licensed Products to and between Affiliates for further sale; provided, however, that royalty shall be payable upon the final sale by the Affiliate to a non-affiliated vendee.

3.05 *Credits Against Royalties.* Licensee shall be entitled to reduce each earned royalty payment due under Section 3.03 by up to fifty percent (50%) by applying as a credit against such royalty the minimum annual royalty paid for the calendar year for which earned royalties are then due and an amount equal to three (3) times the cumulative payments previously made under Sections 3.01 and 3.02 in years prior to the calendar year in which Licensee makes its first sale of Licensed Product for so long as is necessary to amortize the specified multiple of all such payments. Any amount so credited shall be credited only once against earned royalties payable hereunder.

3.06 *No Non-Monetary Considerations.* Without the prior written consent of Licensor, Licensee and its Affiliates shall not solicit or accept any consideration for the sale of any Licensed Product other than as will be accurately reflected in Net Sales.

### 4. RECORDS, REPORTS AND PAYMENTS

4.01 *Records Retention.* Licensee agrees and shall cause its Affiliates to keep records of the sales of all Licensed Products in sufficient detail to permit Licensor to confirm the accuracy of Licensee's royalty calculations. At Licensor's request and expense, Licensee shall permit an independent certified public accountant appointed by Licensor and acceptable to Licensee to examine, upon reasonable notice and at reasonable times, such records solely to the extent necessary to verify Licensee's

calculations. Such examination shall be limited to a period of time no more than three (3) fiscal years immediately preceding the request for examination.

4.02 *Reports.* Within sixty (60) days after the end of each calendar quarter following Licensee's first sale of Licensed Product, Licensee shall furnish to Licensor a written report of all sales of Licensed Products subject to royalty under Section 3.03 during such calendar quarter. Such report shall include (i) the determination of Net Sales as specified in Section 1.08; (ii) credits taken pursuant to Section 3.05; and (iii) the royalty payment then due.

4.03 *Payments.* Concurrently with each report pursuant to Section 4.02, Licensee shall make the royalty payment then due. Payments shall be in United States dollars and, unless otherwise agreed in writing, shall be made by wire transfer to such bank as the Licensor Research Foundation or Licensor may from time to time designate in writing, without set-off and free and clear of and without any deduction or withholding for or on account of any taxes, duties, levies, imposts, fees or charges.

4.04 *Currency Conversion.* Royalties due on Net Sales of Licensed Products made in currency other than United States dollars shall first be calculated in the foreign currency and then converted to United States dollars on the basis of the rate of exchange in effect for purchase of dollars at Chase Manhattan Bank, New York, New York, on the last business day of the period for which royalties are due.

4.05 *Currency Restrictions.* If restrictions on the transfer of currency exist in any country such as to prevent Licensee from making payments in the United States, Licensee shall take all reasonable steps to obtain a waiver of such restrictions or otherwise enable Licensee to make such payments, failing which Licensee may make the royalty payments due upon sales in such country in local currency and deposit such payments in a local bank or other depository designated by the Licensor Research Foundation.

## 5. LIABILITY

5.01 *Indemnification.* Licensee shall defend, indemnify and hold Licensor and the Licensor Research Foundation harmless against any and all liability, damage, loss, cost or expense resulting from any claim, suit or other action arising out of or based on Licensee's manufacture, use or sale of any Licensed Product; provided, however, that upon the filing of any such claim or suit, Licensor and or the Licensor Research Foundation shall promptly notify Licensee and permit Licensee, at Licensee's cost, to handle and control such claim or suit and shall cooperate in the defense thereof.

## 6. PATENT INFRINGEMENT

6.01 *Notification of Infringement.* Licensee shall notify Licensor of any infringement by third parties of any patent within Licensed Patents and shall provide Licensor with the available evidence, if any, of such infringement.

6.02 *Enforcement of Licensed Patents.* Licensor shall retain the sole right, at its sole discretion, to enforce Licensed Patents against third party infringers. However, if an unlicensed third party attains a market share of at least twenty-five percent (25%) of

a particular Licensed Product in any country and Licensor fails to take action to abate the infringement within six (6) months after receipt of notice pursuant to Section 6.01, Licensee shall be entitled to a reduction of fifty percent (50%) of the royalty otherwise due in such country for so long as the infringer maintains the required market share or until Licensor files an infringement action against the infringer.

6.03 *No Warranty of Non-Infringement.* Nothing in this Agreement shall be construed as a representation made or warranty given by Licensor that the practice by Licensee of the license granted hereunder will not infringe the patent rights of any third party.

## 7. TERM AND TERMINATION

7.01 *Term.* This Agreement shall come into force as of its effective date and shall continue in full force and effect, unless earlier terminated as provided herein until the expiration of the last to expire of the Licensed Patents.

7.02 *Termination for Breach.* Licensor shall have the right to terminate this Agreement and the licenses granted hereunder upon thirty (30) days' written notice to Licensee for Licensee's material breach of this Agreement if Licensee has failed to cure such breach within thirty (30) days of notice thereof.

7.03 *Insolvency.* Either Party may terminate this Agreement if, at any time, the other Party shall file in any court pursuant to any statute of any individual State or country, a petition in bankruptcy, insolvency or for reorganization or for an agreement among creditors or for the appointment of a receiver or trustee of the Party or of its assets, or if the other Party proposes a written agreement of composition or extension of its debts, or if the other Party shall be served with an involuntary petition against it filed in any insolvency proceeding, and such petition shall not be dismissed within sixty (60) days after the filing thereof, or if the other Party shall propose or be a Party to any dissolution or liquidation, or if the other Party shall make an assignment for the benefit of creditors.

7.04 *Termination by Licensee.* Licensee may terminate this Agreement in its entirety at any time upon six (6) months' written notice to Licensor. Licensee may terminate this Agreement in part as to any specific Licensed Product or Licensed Patent with immediate effect upon written notice to Licensor.

7.05 *Effect of Termination.* Termination of this Agreement in whole or in part for any reason shall not relieve Licensee of its obligations to pay all fees and royalties that shall have accrued hereunder prior to the effective date of termination.

## 8. MISCELLANEOUS PROVISIONS

8.01 *Limitations on Assignments.* Neither this Agreement nor any interests hereunder shall be assignable by either Party without the written consent of the other; provided, however, that either Party may assign this Agreement to any corporation or entity with which it may merge or consolidate, or to which it may transfer substantially all of its assets or all of its assets to which this Agreement relates without obtaining the consent of the other Party.

8.02 *California Law.* This Agreement shall be deemed to have been entered into and shall be construed and enforced in accordance with the laws of the State of California as applied to contracts made and to be performed entirely within California.

8.03 *Relationship of the Parties.* Nothing in this Agreement is intended or shall be deemed to constitute a partnership, agency, employer-employee, or joint venture relationship between the Parties.

8.04 *Further Acts and Instruments.* Each Party hereto agrees to execute, acknowledge and deliver such further instruments and to do all such other acts as may be necessary or appropriate to effect the purpose and intent of this Agreement.

8.05 *Entire Agreement.* This Agreement constitutes and contains the entire agreement of the Parties and supersedes any and all prior negotiations, correspondence, understandings and agreements between the Parties respecting the subject matter hereof. This Agreement may be amended or modified or one or more provisions thereof waived only by a written instrument signed by the Parties.

8.06 *Severability.* In the event any one or more of the provisions of this Agreement should for any reason be held by any court or authority having jurisdiction over this Agreement or any of the Parties hereto to be invalid, illegal or unenforceable, such provision or provisions shall be validly reformed to as nearly approximate the intent of the Parties as possible and if unreformable, the Parties shall meet to discuss what steps should be taken to remedy the situation; elsewhere, this Agreement shall not be affected.

8.07 *Captions.* The captions to this Agreement are for convenience only and are to be of no force or effect in construing and interpreting the provisions of this Agreement.

8.08 **DISCLAIMER OF WARRANTIES.** EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THE PARTIES EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT.

8.09 *English Language.* This Agreement is written in the English language and shall be construed accordingly.

8.10 *Notices.* Any notice, request, approval or other document required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given when delivered in person, transmitted by telex, telecopier, telegraph or deposited in the mail, postage prepaid, for mailing by first class, certified or registered mail, return receipt requested, addressed as follows:

If to Licensor, addressed to

If to Licensee, addressed to

or to such other address or addresses as may be specified from time to time in a written notice.

IN WITNESS WHEREOF, Licensor and Licensee have caused this Agreement to be executed by their duly authorized representatives.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**SCHEDULE A**  
to the Agreement in Annex 2

**PRODUCTS EXCLUDED FROM LICENSED PRODUCTS**

Licenses may be available for some of the listed products for some fields of use.

**Antithrombin III**

**Ascorbic acid and intermediates therefor**

**Factor VIII**

**Foot and mouth disease, hepatitis B and herpes vaccines**

**Human and animal growth hormones**

**Human and animal interferons**

**Human and animal tumor necrosis factors**

**Human insulin**

**Chymosin, prochymosin and preprochymosin**

**Somatostatin immunogens**

**Tissue plasminogen activators**

**Urokinase and prourokinase**