

**CONFIDENTIAL**

**LICENSE AGREEMENT**

This License Agreement (“*Agreement*”) made <insert DATE> (the “*Effective Date*”) by and between Northwestern University, an Illinois corporation having a principal office at 633 Clark Street, Evanston, Illinois 60208 (hereinafter referred to as “*Northwestern*”) and <insert Company Name, a <Company type, e.g., Corporation, Limited Liability Company, etc.> having a principal office at <insert Company Address> (hereinafter, “*Licensee*”) (each of Northwestern and Licensee individually a “*Party*” and collectively the “*Parties*”).

**WITNESSETH**

**WHEREAS**, Northwestern owns certain patent rights relating to <describe technology and Northwestern principal investigator(s) that is the subject of this License > and has the right to grant licenses hereunder, subject only to a royalty-free, nonexclusive license heretofore granted to the United States Government;

**WHEREAS**, Northwestern desires to have the patent rights developed and commercialized to benefit the public and is willing to grant a license hereunder;

**WHEREAS**, Licensee has represented to Northwestern that Licensee has the expertise, experience, and resources necessary to enable Licensee to commit itself to a thorough, vigorous and diligent program to develop and subsequently manufacture, market and sell products utilizing the patent rights; and

**WHEREAS**, Licensee desires to obtain a license under the patent rights upon the terms and conditions hereafter set forth.

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

**ARTICLE I - DEFINITIONS**

1.1 “*Affiliate*” shall mean any corporation, firm, partnership or other entity which controls, is controlled by or is under common control with a Party. For the purposes of this definition, “control” shall mean any right or collection of rights that together allow direction on any vote with respect to any action by an entity or the direction of management and operations of that entity. Such right or collection of rights includes without limitation (a) the authority to act as sole member or shareholder or partner with a majority interest in an entity; (b) a majority interest in an entity; and (c) the authority to appoint, elect, or approve at least a majority of the governing board of that entity.

1.2 “*Aggregate Consideration*” means the amount equal to:

(i) in the case of a permitted assignment, the sum of (a) all cash, and the fair market value of all securities or other property transferred to the Licensee at the time of the transaction and (b) all cash, and the fair market value of all securities and other property for Trailing Consideration payable to the Licensee, when and if, actually paid;

(ii) in the case of an Asset Sale, the sum of (a) all cash, and the fair market value of all securities or other property transferred to the Licensee at the time of the transaction, less all current and long-term liabilities (but not contingent liabilities) of the Licensee that are not discharged or assumed by the buyer (or its affiliates) in connection with the Asset Sale, and (b) all cash, and the fair market value of all securities and other property for Trailing Consideration payable to the Licensee, when and if, actually paid; or

(iii) in the case of a Merger or Stock Sale, the sum of (a) all cash, and the fair market value of all securities and other property transferred to the stockholders of the Licensee (and any option holders or warrant holders) in return for their stock (or options or warrants) in the Licensee at the time of the transaction, and (b) all cash, and the fair market value of all securities and other property transferred to the stockholders of the Licensee (and any option holders or warrant holders) for Trailing Consideration payable to the holders of Licensee’s securities, when and if actually paid. For the avoidance of doubt, Aggregate Consideration includes the entire value of the business exchanged in the transaction or

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transactions and is NOT limited to the value associated with the Patent Rights, this License Agreement, or any other sub-segment of the business.

The valuation of any securities or other property shall be determined by reference to the operative transaction agreement for a respective Merger, Stock Sale, Asset Sale or permitted assignment of this Agreement, provided that, if no such valuation is readily determinable from such operative transaction agreement, then for securities for which there is an active public market; (a) if traded on a securities exchange or the NASDAQ Stock Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the 30-day period ending three days prior to the closing of such transaction; or (b) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three days prior to the closing of such transaction.

The method of valuation of securities subject to investment letters or other similar restrictions on free marketability shall take into account an appropriate discount from the market value as determined pursuant to clause (a) or (b) above so as to reflect the approximate fair market value thereof. For securities for which there is no active public market, the value shall be the fair market value thereof as either (i) determined in good faith by the Board of Directors of Licensee, (ii) approved by University, such approval not to be unreasonably withheld, or (iii) determined by a third party appraiser appointed and paid for by Licensee.

1.3 “**FDA**” shall mean the United States Food & Drug Administration and any successor agency thereto.

1.4 “**Field**” shall mean <insert Field definition/limitations>.

1.5 “**IND**” shall mean an Investigational New Drug Application suitable for obtaining approval to ship a Licensed Product for the purpose of safety and effectiveness testing of such Licensed Product.

1.6 “**Initial Public Offering**” means the effectiveness of a registration statement for the first sale of Licensee’s common stock in a firm commitment underwritten public offering registered under the Securities Act of 1933, as amended.

1.7 “**Licensed Products**” shall mean any product or service that is covered by or that incorporates or is developed or made using the Patent Rights.

1.8 “**Liquidation Event**” means a (i) a merger, share exchange or other reorganization (“Merger”), (ii) the sale by one or more stockholders of a majority of the voting power of the Licensee (“Stock Sale”) or (iii) a sale of all or substantially all of the assets of the Licensee (or that portion of its assets related to the subject matter of this Agreement) (“Asset Sale”) in which for (i), (ii), and (iii) above, the stockholders of the Licensee prior to such transaction do not own a majority of the voting power of the acquiring, surviving or successor entity, as the case may be. Notwithstanding the foregoing, a Liquidation Event shall not include a bona fide financing transaction in which voting control of the Licensee transfers to one or more persons or entities who acquire shares of Licensee capital stock from Licensee in exchange for either an investment in Licensee or the cancellation of indebtedness owed by Licensee, or a combination thereof.

1.9 “**Major Market Country**” shall mean the United States, Canada, Japan, France, Germany, United Kingdom, Australia, or Italy.

1.10 “**NDA**” shall mean an application suitable for obtaining Regulatory Approval, the approval of which is necessary to market Licensed Products in the United States, whether such application is pending or approved or is to be filed with respect to the Licensed Products, submitted or to be submitted to the FDA under applicable United States Law.

1.11 “**Net Sales**” shall mean the gross amount invoiced by Licensee, its Affiliates or its sales representatives, to third parties for the sale of Licensed Products, less amounts actually invoiced or allowed with respect to trade credits, discounts, rebates and allowances actually granted on account of price adjustments, rebate programs, billing errors or the rejection or return of goods, sales taxes, tariffs, and custom duties. If a Licensed Product is sold as part of a combination, Net Sales for the purposes of determining royalties on the Licensed Product(s) in the combination shall be calculated by multiplying

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Net Sales by the fraction  $A/A+B$ , where A is the invoice price of the Licensed Product(s) sold separately and B is the invoice price of the other active ingredients in the combination.

1.12 **“Non-Commercial Research Purposes”** means the use or practice of Patent Rights for academic research and other not-for-profit or scholarly purposes which are undertaken at a non-profit or governmental institution that does not involve the production or manufacture of products for sale or the performance of services for a fee. Without limiting the foregoing: (i) “academic research and other not-for-profit or scholarly purposes” includes, in non-limiting fashion, research that leads, or may lead, to patentable or unpatentable inventions that may be licensed or otherwise transferred, either directly or indirectly, to third parties; and (ii) neither (A) receipt of license revenues on account of such inventions or receipt of reimbursements for the costs of preparation and shipping of samples of materials provided to third parties as a professional courtesy, in response to post-publication requests or otherwise in accordance with academic custom nor (B) receipt of funding to cover the direct and/or indirect costs of research, shall constitute sale of products or performance of service for a fee.

1.13 **“Patent Rights”** shall mean the patents and patent applications listed on Exhibit A attached hereto and incorporated herein by reference, and any patents which issue from the patent applications listed on Exhibit A attached hereto and incorporated herein by reference, and all divisions, continuations and continuations-in-part thereof (but only to the extent of the subject matter that is described and enabled by a disclosure in a patent or patent application listed in Exhibit A that is sufficient to meet the requirements of 35 U.S.C. §112) and any foreign counterparts thereto.

1.14 **“Pre-Money Valuation”** means the amount equal to the product of (i) the price per share of common stock sold in the Initial Public Offering and (ii) the total number of outstanding shares of common stock of Licensee immediately prior to the closing of the Initial Public Offering, determined on a fully diluted, as converted into common stock basis, giving effect to any stock split, stock dividend, stock combination, recapitalization or similar action impacting Licensee’s capitalization that occurs, or is deemed to occur, upon consummation of the Initial Public Offering.

1.15 **“Regulatory Approval”** shall mean the approval of either the FDA or a foreign counterpart thereto required to commence commercial sale of a Licensed Product in such country in the Territory.

1.16 **“Territory”** shall mean **<insert geographic/territory description>**.

1.17 **“Trailing Consideration”** means any payments due for any deferred or contingent consideration payable to Licensee or its security holders including, without limitation, any post-closing milestone payment, escrow or holdback of consideration.

**ARTICLE II - GRANT**

2.1 In reliance upon the representations made to Northwestern by Licensee that Licensee has the unique experience, expertise and resources necessary to enable Licensee to perform its obligations hereunder, Northwestern hereby grants to Licensee and its Affiliates an **<exclusive; non-exclusive>** license under Patent Rights to make, have made, use, import, offer for sale and sell Licensed Products in the Territory in the Field.

2.2 The grant under Section 2.1 shall be subject to the obligations of Northwestern and of Licensee to the United States Government under any and all applicable laws, regulations, and executive orders including those set forth in 35 U.S.C. §200, et seq. Licensee shall cooperate with Northwestern by providing information to enable Northwestern to comply with its reporting obligations and shall make best efforts to comply with all such obligations applicable to Licensee, including that Licensed Products or products produced through use of Licensed Products will be manufactured substantially in the U.S. unless this requirement is waived by the Federal Agency per 35 U.S.C. §204 or any other provision. Licensee reserves full rights to request that Northwestern pursue waiver of any U.S. manufacturing requirement at the expense solely of Licensee.

2.3 Northwestern reserves the rights, for itself and others, to (i) make and use the subject matter described and claimed in Patent Rights; and (ii) provide to others any materials claimed in the Patent Rights; each solely for Non-Commercial Research Purposes.

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2.4 The grant of this license does not obligate Northwestern or any inventor of Patent Rights to make available to Licensee, its sublicensees or Affiliates for their own use and benefit, Northwestern space, facilities, students and services, unless otherwise stated herein or in a separate contractual agreement between Northwestern and Licensee.

2.5 The license granted in Section 2.1 includes the right to grant sublicense of the rights licensed to Licensee under this Agreement. All sublicenses grants by Licensee shall be consistent with all terms and conditions of this Agreement or shall be null and void. Each sublicense shall terminate upon termination of this Agreement unless Northwestern provides written notice that it desires to assume such agreement(s) and further provided the terms of such sublicense are thereby amended so that Northwestern has no obligations under such agreement greater than its obligations to Licensee hereunder. Licensee shall provide Northwestern prompt notification and a copy of each sublicense agreement within thirty (30) days of execution. Any Affiliate of Licensee that desires to practice any of the rights licensed by Northwestern hereunder must enter into a sublicense agreement unless Licensee assigns its assets to such Affiliate, including its rights and obligations under this Agreement, in whole or exclusively in a field of use within the Field pursuant to Article XII. Licensee shall have the same responsibility for the activities of any sublicensee as if the activities were directly those of Licensee and shall be liable for sublicensees' compliance with the terms and conditions of this Agreement. Sublicenses granted hereunder shall not be transferable, including by direct assignment or by further sublicensing, or indirectly by operation of law or transfer of voting control of a sublicensee, without prior written approval of Northwestern. In all cases, Licensee shall remain responsible for ensuring that all sublicensees comply with the financial and reporting obligations in this Agreement, and Licensee shall be responsible for collecting requisite payments and information from sublicensees and providing such information to Northwestern in accordance with the terms of this agreement. Each sublicense agreement shall name Northwestern as a third party beneficiary.

2.6 Licensee agrees that it and its Affiliates will not, and will contractually require their sublicensees to not, assert any patent arising from Licensee's use of the Patent Rights against Northwestern to prevent Northwestern from using any of the Patent Rights for its internal noncommercial academic research purposes.

2.7 The grant of this license shall not include research or discoveries that arise from collaborations between inventors of Patent Rights and other faculty investigators at Northwestern or outside Northwestern who are not inventors of Patent Rights.

**ARTICLE III - CONFIDENTIAL INFORMATION**

3.1 Northwestern and Licensee each agree that all information contained in documents marked "Confidential" which are forwarded to one by the other shall be received in strict confidence, used only for the purposes of this Agreement, and not disclosed by the recipient (except as required by law or regulation or by court or administrative agency order), its agents or employees to any third party without the prior written consent of an authorized officer of the disclosing Party, unless such information (a) was in the public domain at the time of disclosure, (b) later became part of the public domain through no act or omission of the recipient, its employees, agents, successors or assigns, (c) was lawfully disclosed to the recipient by a third party having the right to disclose it, (d) was already known by the recipient at the time of disclosure, (e) was independently developed, or (f) is required to be submitted to a government agency to obtain and maintain the approvals and clearances of Licensed Products. Disclosure may also be made to Affiliates, distributors, customers, and agents, to nonclinical and clinical investigators, and to consultants, where necessary or desirable with appropriate safeguards to protect the confidential underlying disclosure. Northwestern and Licensee also agree that confidential information may be orally disclosed by one Party to the other Party. Such information shall be confirmed in writing and designated "Confidential" within thirty (30) days of disclosure for the provisions of this Article III to apply.

3.2 Each Party's obligation of confidence hereunder shall be fulfilled by using at least the same degree of care with the other Party's confidential information as it uses to protect its own

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confidential information. This obligation shall exist while this Agreement is in force and for a period of two (2) years thereafter except in the event of termination by Northwestern for breach on the part of Licensee, in which event Licensee's obligation to maintain the information confidential will exist for a period of ten (10) years after the termination for breach.

3.3 This Agreement may be distributed solely (a) to those employees, agents and independent contractors of Northwestern and Licensee who have a need to know its contents, (b) to those persons whose knowledge of its contents will facilitate performance of the obligations of the Parties under this Agreement, (c) to those persons, if any, whose knowledge of its contents is essential in order to permit Licensee or Northwestern to maintain or secure the benefits under policies of insurance, or (d) as may be required by law or regulation or by court or administrative agency order.

**ARTICLE IV - MILESTONES AND DUE DILIGENCE**

4.1 Licensee hereby represents that Licensee has the unique experience, expertise and resources necessary to enable Licensee to perform its obligations hereunder. As a condition of execution of this Agreement, Licensee shall submit to Northwestern a preliminary development and business plan that sets forth an outline of Licensee's intended efforts to develop and commercialize Licensed Products. Such plan shall include a summary of personnel, expenditures and estimated timing for the development of Licensed Products and estimates of the market potential for Licensed Products.

4.2 Licensee shall comply with the following milestones:

- (a) raise at least **<insert \$ amount>** within **<insert defined time frame>** of the Effective Date;
- (b) select a lead candidate Licensed Product within **<insert defined time frame>** from the Effective Date;
- (c) complete a good laboratory practice (GLP) toxicity or efficacy test of a Licensed Product in animals within **<insert defined time frame>** from the Effective Date;
- (d) submit an investigational new drug application (IND) for a Licensed Product within **<insert defined time frame>** from the Effective Date;
- (e) complete a safety trial in humans (Phase I clinical trial) for a Licensed Product within **<insert defined time frame>** from the Effective Date;
- (f) complete a Phase II clinical trial for a Licensed Product within **<insert defined time frame>** from the Effective Date;
- (g) complete a Phase III clinical trial for a Licensed Product within **<insert defined time frame>** from the Effective Date;
- (h) submit an NDA for a Licensed Product within **<insert defined time frame>** from the Effective Date; and
- (i) complete and submit to Northwestern a business plan for commercialization of a Licensed Product within **<insert defined time frame>** of submission of an NDA for such Licensed Product.

4.3 Licensee agrees to provide annual progress reports to Northwestern describing Licensee's research and development efforts in the development of Licensed Products during the preceding year. Such progress reports shall be due each **<insert defined time frame>** beginning **<insert DATE>**, until the date of first commercial sale of a Licensed Product.

**ARTICLE V - PAYMENT**

In consideration of the license granted by Northwestern to Licensee under this Agreement, Licensee shall pay to Northwestern the following:

5.1 An annual **<insert amount Dollars (\$xx)>** Dollar non-creditable (except as provided below), non-refundable maintenance fee, beginning twelve (12) months from the Effective Date until Regulatory Approval of the first Licensed Product(s).

5.2 The following non-creditable and non-refundable milestone payments upon the achievement of particular milestones in the development of Licensed Products:

- (a) **\$<dollar amount>** upon filing of an IND for a Licensed Product;

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- (b) \$<dollar amount> upon dosing of first patient in Phase I trial (or foreign equivalent) for a Licensed Product;
- (c) \$<dollar amount> upon dosing first patient Phase II trial (or foreign equivalent) for a Licensed Product;
- (d) \$<dollar amount> upon dosing first patient in Phase III trial (or foreign equivalent) for a Licensed Product;
- (e) \$<dollar amount> upon filing an NDA (or foreign equivalent) for a Licensed Product; and
- (f) \$<dollar amount> upon Regulatory Approval of a Licensed Product.

5.3 Upon Regulatory Approval, Licensee shall pay to Northwestern minimum royalty payments of \$<insert dollar amount> per year. Licensee shall make all royalty payments on a quarterly basis as provided in Section 6.1. If royalties due on Net Sales (plus the credit due under Section 5.1, if any) have not reached the minimum by Dec. 31 in any calendar year, Licensee shall pay the balance due with the royalty payment due on fourth (4<sup>th</sup>) quarter Net Sales of that year.

5.4 Reimbursement of Northwestern's out of pocket patent expenses to date to prepare, file, and prosecute Patent Rights, the total of such expenses to be provided by Northwestern's outside patent counsel upon request by Licensee. Any outstanding patent expenses incurred by Northwestern, shall be reimbursed by Licensee. All future patent costs for the preparation, filing, prosecution, and maintenance of the Patent Rights, including without limitation any interference or other proceeding before the United States Patent and Trademark Office, shall be borne by Licensee.

5.5 A running royalty of (a) <insert percent (x.x%)> of Net Sales of Licensed Products if such Licensed Product is covered by Patent Rights in the country where such Licensed Product is manufactured or sold and (b) <insert percent (x.x%)> of Net Sales of Licensed Products in all other countries. In the event that the Licensee enters into other license agreement(s) with third party(ies) with respect to the intellectual property which in Licensee's opinion is legally required for the manufacture, use or sale of Licensed Product(s), Licensee may offset amounts paid to such third party(ies) against earned royalties due Northwestern hereunder, by reducing Licensee's obligation to Northwestern by 0.25% for each 1% of royalty rate payable to third parties; provided, however, that in no event will the royalty rate due to Northwestern be less than <insert percent (x.x%)>.

5.6 In addition to the running royalties under Section 5.5, <insert percent (x.x%)> of any payments, including, but not limited to, sublicense issue fees or milestones received from sublicensees as consideration for Patent Rights or Licensed Products

5.7 In the event of a permitted assignment, Asset Sale, or Merger or Stock Sale, as described in Section 1.2, Licensee shall pay to Northwestern <insert percent (x.x%)> of Aggregate Consideration.

**ARTICLE VI - PAYMENT, REPORTS AND RECORDS****6.1 Payment Dates and Reports**

Unless otherwise specified in other Sections of this Agreement, Licensee shall pay to Northwestern all fees and royalties accruing during such calendar quarter within sixty (60) days after the end of each calendar quarter of each year during the term of this Agreement (including the last day of any calendar quarter following the expiration of this Agreement). Such payments shall be accompanied by a statement showing the Net Sales of each Licensed Product by Licensee and its sublicensees in each country, the applicable royalty rate and the calculation of the amount of royalty due.

**6.2 Accounting****a. Payments in U.S. Dollars**

All dollar sums referred to in this Agreement are expressed in U.S. dollars and the Net Sales used for calculating the royalties and other sums payable to Northwestern by Licensee pursuant to Section 6.1 shall be computed in U.S. dollars. All payments of such sums and royalties shall be made in U.S. dollars. For purposes of determining the amount of royalties due, the amount of Net Sales in any foreign currency shall be computed by converting such amount into U.S. dollars at the

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prevailing commercial rate of exchange for purchasing U.S. dollars with such foreign currency in question as quoted by Citibank in New York on the last business day of the calendar quarter for which the relevant royalty payment is to be made by Licensee.

b. Blocked Royalties

Notwithstanding the foregoing, if by reason of any restrictive exchange laws or regulations Licensee or any Affiliate or sublicensee hereunder shall be unable to convert to U.S. dollars an amount equivalent to the fee or royalty payable by Licensee hereunder in respect of Licensed Product sold for funds other than U.S. dollars, Licensee shall notify Northwestern promptly with an explanation of the circumstances. In such event, all royalties due hereunder in respect of the transaction so restricted (or the balance thereof due hereunder and not paid in funds other than U.S. dollars as hereinafter provided) shall be deferred and paid in U.S. dollars as soon as reasonably possible after, and to the extent that such restrictive exchange laws or regulations are lifted so as to permit such conversion to United States dollars, of which lifting Licensee shall promptly notify Northwestern. At its option, Northwestern shall meanwhile have the right to request the payment (to it or to a nominee), and upon such request Licensee shall pay, or cause to be paid, all such amounts (or such portions thereof as are specified by Northwestern) in funds, other than U.S. dollars, designated by Northwestern and legally available to Licensee under such then existing restrictive exchange laws or regulations.

6.3 Records

Licensee shall keep, and shall cause its Affiliates and sublicensees to keep, for three (3) years from the date of payment of royalties, complete and accurate records of sales of each Licensed Product by Licensee; its Affiliates and its sublicensees in sufficient detail to enable the accruing royalties to be determined accurately. Northwestern shall have the right during this period of three (3) years after receiving any report with respect to royalties due and payable to appoint, at its expense, an independent certified public accountant to inspect the relevant records of Licensee, its Affiliates and its sublicensees to verify such report. Northwestern shall submit the name of said accountant to Licensee for approval; said approval shall not be unreasonably withheld. Licensee shall make its records and those of its Affiliates and sublicensees available for inspection by such independent certified public accountant during regular business hours at such place or places where such records are customarily kept, upon reasonable notice from Northwestern, to the extent necessary to verify the accuracy of the reports and payments with not more than one (1) inspection per calendar year. Northwestern agrees to hold in strict confidence all information concerning royalty payments and reports, and all information learned in the course of any audit or inspection, except to the extent necessary for Northwestern to reveal such information in order to enforce its rights under this Agreement or as may be required by law. If royalties are understated by three percent (3%) or more in Licensee's favor, the Licensee shall, within ten (10) days of receipt of the audit report, pay the balance due Northwestern plus all reasonable costs of the audit or inspection and interest at the prime rate as quoted by Citibank in New York from the date at which such balance would have otherwise been due and payable. If royalties are understated by less than three percent (3%), Licensee shall include such understated amount with the next scheduled payment pursuant to Section 6.1.

6.4 The fees payable to Northwestern are on a "net of tax" basis. It is intended that any applicable taxes in any country (either by way of withholding taxes or by way of any indirect taxes, by whatever name called) will be to the account of and will be borne fully by Licensee and will not be withheld from the fees payable to Northwestern. In the event any taxes described in this Section are paid to tax authorities with respect to payments to Northwestern, Licensee will provide a withholding tax certificate, receipt, or other documentation to Northwestern confirming such taxes were paid to the applicable tax authorities.

6.5 All fees associated with wire transfers shall be borne by Licensee.

**ARTICLE VII - PUBLICATION**

Northwestern will be free to publish the results of any research related to Patent Rights or Licensed Products and use such information for purposes of research, teaching, and other educationally-related matters.

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**ARTICLE VIII - PATENT PROSECUTION**

8.1 Payment of all fees and costs relating to the filing, prosecution, and maintenance of Patent Rights prior to the Effective Date shall be reimbursed by Licensee as set forth in Section 5.4. Payment of all fees and costs relating to the filing, prosecution, and maintenance of Patent Rights incurred after the Effective Date by Licensee or by Northwestern at the request of Licensee shall be the sole responsibility of Licensee. Any payments of such fees and costs by Northwestern shall be reimbursed by Licensee within thirty (30) days of Licensee's receipt of an invoice from Northwestern or Northwestern's patent counsel. For the avoidance of doubt, Licensee shall reimburse Northwestern for any expenses incurred by Northwestern if Licensee chooses not to exercise its right to utilize its own patent counsel for the filing, prosecution, and/or maintenance of Patent Rights as set forth in Section 8.2 below.

8.2 Northwestern hereby grants Licensee the right to apply for, seek prompt issuance of, and maintain during the term of this Agreement the Patent Rights listed in Exhibit A in Northwestern's name, in the United States and in foreign countries. Exhibit A may be amended by verbal agreement of both Parties, such agreement to be confirmed in writing. The Parties agree to use reasonable efforts to update Exhibit A on a semi-annual basis as new applications are filed and prosecution status changes. Licensee shall have the right to select patent counsel reasonably acceptable to Northwestern, such acceptance not to be unreasonably withheld, and to take such other actions, at its own expense, as it deems are necessary or appropriate to obtain patent protection with respect to any Patent Rights in the Territory. Licensee shall keep Northwestern informed in all matters of filing and prosecution, shall give Northwestern reasonable opportunities to consult with and advise Licensee concerning Licensee's prosecution, filing and maintenance activities by notifying Northwestern thirty (30) days in advance of any such activity if Licensee has been given such notice, and shall provide Northwestern with copies of all documents related to patent filing, prosecution, and maintenance. Within ten (10) business days after execution of this Agreement, Northwestern will instruct its patent counsel to transfer all patent files related to Patent Rights in Exhibit A to Licensee's patent counsel and to use reasonable efforts to have the files delivered within sixty (60) days of the Effective Date.

8.3 Licensee through its patent counsel will take the lead on patent prosecution for additional filings falling within the scope of the Patent Rights listed in Exhibit A for which it pays the prosecution costs, keeping Northwestern informed with opportunity to consult as described above.

8.4 In the event that Licensee elects (i) not to file a United States patent application which may claim priority from a patent application filed in another jurisdiction included within the Patent Rights, (ii) not to file a PCT application which may claim priority from a United States patent application included within the Patent Rights, or (iii) to abandon a patent or patent application included within the Patent Rights in a specific country, it shall promptly notify Northwestern in writing, no later than ten (10) business days prior to the date by which an action must be taken to avoid a) abandonment of the patent or patent application included within the Patent Rights or b) payment of extension fees. In the event that Licensee notifies Northwestern of its decision not to file a non-provisional patent application claiming priority to a provisional patent application listed in Exhibit A or to abandon a U.S. patent or patent application covering any potentially patentable subject matter relating to the Patent Rights, Northwestern shall have the right, but not the obligation, to file, prosecute, or maintain such patent or patent application at its sole discretion, control and expense and such patent or patent application shall be removed from the Patent Rights licensed hereunder. In the event that Licensee notifies Northwestern of its decision to abandon or not to file a PCT or national phase patent or patent application in any foreign country based on a U. S. provisional or utility application in the Patent Rights, Northwestern shall have the right, but not the obligation, to file, prosecute, or maintain such PCT or foreign patent or patent application at its sole discretion and control, provided that Licensee shall have a six (6) month option to negotiate a non-exclusive license under such patent or patent application on financial terms no less favorable to Licensee than those in this Agreement.

**ARTICLE IX - INFRINGEMENT**



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9.1 Each Party agrees to provide prompt written notice to the other Party of any alleged infringement of the Patent Rights by a third party, and of any available evidence thereof, of which it becomes aware.

9.2 During the term of this Agreement, Licensee, to the extent permitted by law, shall have the right, but shall not be obligated, to prosecute at its own expense all infringements of the Patent Rights and, in furtherance of such right, Northwestern hereby agrees that Licensee may include Northwestern as a party plaintiff in such suit, without expense to Northwestern, provided, however, that such right to bring such infringement action shall remain in effect only for so long as the license granted herein remains exclusive. Prior to commencing any such action, Licensee shall consult with Northwestern and shall consider the view of Northwestern regarding the advisability of the proposed action and its effect on the public interest. No settlement, consent judgment or other voluntary final disposition of the suit may be entered into without the prior written consent of Northwestern. Licensee shall indemnify Northwestern against any order for costs that may be made against Northwestern in such proceedings. Any recovery resulting from an action brought by Licensee shall be distributed as follows: (a) each Party shall be reimbursed for any expenses it incurred in the action; (b) as to ordinary damages for past infringement, Licensee shall receive an amount equal to either (i) its lost profits, (ii) a reasonable royalty on the infringing sales, or (iii) whatever alternative measure of such damages the court shall have applied, and such amount shall be treated as Net Sales for the purpose of calculating running royalties under Section 5.5; and (c) the Parties shall share equally in any additional award, including any special or punitive damages.

9.3 If six (6) months after having become aware of any alleged infringement Licensee has been unsuccessful in persuading the alleged infringer to desist and either has not brought or is not diligently prosecuting an infringement action, or if Licensee shall notify Northwestern at any time of its intention not to bring suit against any alleged infringer, then Northwestern shall have the right, at its sole discretion, to prosecute such infringement of the Patent Rights under its sole control and at its sole expense. In the event Northwestern elects to prosecute an infringement of any Patent Rights as set forth in this Section 9.3, then (a) Northwestern shall keep any recovery or damages for past infringement derived therefrom, and (b) Licensee shall not offer to sublicense the infringed Patent Rights to the alleged infringer without Northwestern's written consent.

9.4 In the event that a declaratory judgment action alleging invalidity, unenforceability, or noninfringement of any of the Patent Rights shall be brought against Northwestern or Licensee, Northwestern, at its option, shall have the right, within thirty (30) days after it receives notice of the commencement of such action, to intervene and take over the sole defense of the action (but only to the extent of the Patent Rights) at its own expense. If Northwestern does not exercise this right, Licensee may take over the sole defense of the action at Licensee's sole expense. No settlement, consent judgment or other voluntary final disposition of the action may be entered into without the prior written consent of Northwestern, which shall not be unreasonably withheld.

9.5 In any infringement suit that either Party may institute to enforce the Patent Rights pursuant to this Agreement and in any declaratory judgment action that one Party is defending, the other Party hereto shall, at the request and expense of the Party initiating or defending such suit, cooperate in all reasonable respects (including joining as a party if required by law) and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like.

9.6 For so long as the license granted herein remains exclusive during the term of this Agreement, Licensee shall have the sole right to sublicense any alleged infringer for future use of the Patent Rights in accordance with the terms and conditions of this Agreement relating to sublicenses. Any upfront fees as part of such a sublicense shall be shared equally between Licensee and Northwestern; other revenues to Licensee resulting from such a sublicense shall be treated pursuant to Section 5.6.

**ARTICLE X - PRODUCT LIABILITY**

**CONFIDENTIAL**

10.1 Licensee shall at all times during the term of this Agreement and thereafter, indemnify, defend and hold Northwestern, its trustees, directors, officers, employees and Affiliates, harmless against all claims, proceedings, demands and liabilities of any kind whatsoever, including legal expenses and reasonable attorneys' fees, arising out of the death of or injury to any person or persons or out of any damage to property, or resulting from the production, manufacture, sale, use, lease, consumption or advertisement of the Licensed Product(s) or arising from any obligation of Licensee hereunder.

10.2 Licensee shall obtain and carry in full force and effect commercial, general liability insurance, which shall protect Licensee and Northwestern with respect to events covered by Section 10.1 above. Such insurance shall be written by a reputable insurance company authorized to do business in the State of Illinois, shall list Northwestern as an additional named insured thereunder, shall be endorsed to include product liability coverage and shall require thirty (30) days written notice to be given to Northwestern prior to any cancellation or material change thereof. The limits of such insurance shall not be less than One Million Dollars (\$1,000,000 per occurrence with an aggregate of Two Million Dollars (\$2,000,000 for bodily injury, death, or property damage, and One Million Dollars (\$1,000,000) per occurrence with an aggregate of One Million Dollars (\$1,000,000) for personal injury. Licensee shall provide Northwestern with Certificates of Insurance evidencing the same. Northwestern shall have the right to ascertain from time to time that such coverage exists, such right to be exercised in a reasonable manner. In the event that Licensee or its Affiliates or sublicensees: i) initiates human clinical trials of Licensed Products, ii) undertakes the commercial level production or manufacture of Licensed Products intended for general public consumption or use, or iii) sells, leases, uses, consumes or advertises such Licensed Products, Licensee shall provide written notification to Northwestern prior to entering into such activity. If either Party reasonably believes that the insurance limits set forth above are inappropriate for the industry in which Licensed Products are to be sold, or if Northwestern reasonably believes that such limits are inadequate to provide reasonable protection for Northwestern, the Parties shall then negotiate in good faith to determine appropriate limits.

**10.3 EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NORTHWESTERN, ITS TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES, AND AFFILIATES MAKE NO REPRESENTATIONS AND EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, VALIDITY OF PATENT RIGHTS CLAIMS, ISSUED OR PENDING AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS A REPRESENTATION MADE OR WARRANTY GIVEN BY NORTHWESTERN THAT THE PRACTICE BY LICENSEE OF THE LICENSE GRANTED HEREUNDER SHALL NOT INFRINGE THE PATENT RIGHTS OF ANY THIRD PARTY. IN NO EVENT SHALL NORTHWESTERN, ITS TRUSTEES, DIRECTORS, OFFICERS, EMPLOYEES AND AFFILIATES BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGE OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER NORTHWESTERN SHALL BE ADVISED, SHALL HAVE OTHER REASON TO KNOW, OR IN FACT SHALL KNOW OF THE POSSIBILITY.**

10.4 Licensee, by execution hereof, acknowledges, covenants and agrees that Licensee has not been induced in any way by Northwestern or employees or students thereof to enter into this Agreement, and further warrants and represents that (a) Licensee has conducted sufficient due diligence with respect to all items and issues pertaining to this Agreement; and (b) Licensee has adequate knowledge and expertise, or has used knowledgeable and expert consultants, including but not limited to competent legal counsel, to adequately conduct such due diligence, and agrees to accept all risks inherent herein.

**ARTICLE XI - TERM AND TERMINATION**

**CONFIDENTIAL**

11.1 This Agreement shall become effective on the Effective Date. Unless sooner terminated as provided for below, this Agreement shall continue in effect, on a country-by-country basis, until the expiration of the last to expire of Patent Rights.

11.2 Licensee shall have the right to terminate this Agreement in whole or in part any time after three (3) years from the Effective Date by giving Northwestern ninety (90) days written notice.

11.3 Northwestern shall have the right to terminate or render this license non-exclusive at any time after three (3) years from the Effective Date if, in Northwestern's reasonable judgment, Licensee a) has not put the Licensed Product into commercial use in the Territory in the Field, directly or through a sublicensee, thereby not making the Licensed Product available to the public, or b) is not demonstrably engaged in research, development, manufacturing, marketing, as appropriate, directed toward this end.

11.4 The provisions of Article III (Confidentiality), Article V (Payment), Article VI (Payments, Reports and Records), Article X (Product Liability), Article XI (Term and Termination), and Article XIII (Dispute Resolution) shall survive termination or expiration of this Agreement in accordance with their terms.

11.5 If (1) Licensee makes any general assignment for the benefit of its creditors; (2) a petition is filed by or against Licensee, or any proceeding is initiated against Licensee as a debtor, under any bankruptcy or insolvency law, unless the laws then in effect void the effectiveness of this provision; or (3) a receiver, trustee, or any similar officer is appointed to take possession, custody, or control of all or any part of Licensee's assets or property, then Northwestern may immediately terminate the license granted by this Agreement upon written notice to Licensee of such termination.

11.6 If either Party breaches any material obligation imposed by this Agreement then the other Party may at its option, send a written notice to the Party in breach that it intends to terminate the license granted by this Agreement. If the Party in breach does not cure the breach, within ninety (90) days from the notice date, then the other Party shall have the right to terminate the license granted immediately upon the date of mailing of a written notice of termination to the Party in breach.

11.7 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either Party of any obligation that has matured prior to the effective date of such termination. Licensee may, after the date of such termination, sell all Licensed Products that it may have on hand at the date of termination, provided that it pays the earned royalty thereon as provided in this Agreement.

11.8 In the event of termination for breach by Licensee, Licensee agrees to no longer use any of the Patent Rights under which it has been granted a license and will turn over and assign to Northwestern its Regulatory Approvals and data and material related to price and Regulatory Approvals at no charge with the right to sublicense.

**ARTICLE XII - ASSIGNMENT**

12.1 Due to the nature and purpose of this Agreement, the Parties agree that a material element of this Agreement is that Northwestern has selected <Company> to serve as the Licensee under this Agreement based on the representations made by <Company> that it has the unique experience, expertise and resources necessary to enable it to perform the obligations of the license hereunder. Accordingly, the Parties agree that this Agreement, the license granted hereunder, and the obligations of Licensee hereunder shall not be assigned, sublicensed (unless herein granted), or otherwise transferred by the Licensee without the prior written consent of Northwestern. Notwithstanding any assignment or transfer permitted under this Section 12.1, Licensee shall remain fully liable to Northwestern for the performance of the assignee or transferee.

12.2 It is the understanding of the Parties that in the event a bankruptcy petition is filed by or against Licensee, or any proceeding is initiated against Licensee as a debtor under any bankruptcy or insolvency law, applicable law excuses Northwestern from accepting performance from or rendering performance to an entity other than Licensee, and Licensee, or trustee operating on behalf of the Licensee, shall be prohibited from assigning, sublicensing, or otherwise transferring the license granted hereunder and/or the obligations of Licensee hereunder without the prior written consent of Northwestern.

**CONFIDENTIAL**

**ARTICLE XIII - DISPUTE RESOLUTION**

13.1 The Parties agree to effect all reasonable efforts to resolve any and all disputes between them in connection with this Agreement in an amicable manner.

13.2 The Parties agree that any dispute that arises in connection with this Agreement and which cannot be amicably resolved by the Parties shall be resolved by binding Alternative Dispute Resolution (ADR) in the manner set forth in Section 13.3 through Section 13.5.

13.3 If a Party intends to begin ADR to resolve a dispute, such Party shall provide written notice to the other Party informing the other Party of such intention and the issues to be resolved. Within ten (10) business days after its receipt of such notice, the other Party may, by written notice to the Party initiating ADR, add additional issues to be resolved. If the Parties cannot agree upon the selection of a neutral within twenty (20) business days following receipt of the original ADR notice, the Parties shall resolve the dispute *by arbitration in accordance with the International Institute for Conflict Prevention and Resolution ("CPR") 575 Lexington Avenue, 21st Floor, New York, NY 10022 (<http://www.cpradr.org/>), Rules for Administered Arbitration of International Disputes by a sole arbitrator* having experience in <insert detail about Field or appropriate industry> and who shall not be an employee, director or shareholder of either Party or an Affiliate or sublicensee. *Judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof. The seat of the arbitration shall be (city, country). The language of the arbitration shall be (language).*

13.4 Each Party shall have ten (10) business days from the date the neutral is selected to object in good faith to the selection of that person. If either Party makes such an objection, the then President of the CPR shall, as soon as possible thereafter, select another neutral under the same conditions as set forth above. This second selection shall be final.

13.5 The ADR shall be conducted in the following manner:

(a) No later than forty-five (45) business days after selection, the neutral shall hold a hearing to resolve each of the issues identified by the Parties.

(b) At least five (5) days prior to the hearing, each Party must submit to the neutral and serve on the other Party a proposed ruling on each issue to be resolved. Such proposed ruling shall contain no argument on or analysis of the facts or issues, and shall be limited to not more than fifty (50) pages.

(c) The neutral shall not require or permit any discovery by any means, including depositions, interrogatories or production of documents.

(d) Each Party shall be entitled to no more than eight (8) hours of hearing to present testimony or documentary evidence. The testimony of both Parties shall be presented during consecutive calendar days. Such time limitation shall apply to any direct, cross or rebuttal testimony, but such time limitation shall only be charged against the Party conducting such direct, cross or rebuttal testimony. It shall be the responsibility of the neutral to determine whether the Parties have had the eight (8) hours to which each is entitled.

(e) Each Party shall have the right to be represented by counsel. The neutral shall have the sole discretion with regard to the admissibility of any evidence.

(f) The neutral shall rule on each disputed issue within thirty (30) days following the completion of the testimony of both Parties. Such ruling shall adopt in its entirety the proposed ruling of one of the Parties on each disputed issue.

(g) ADR shall take place in Chicago, Illinois. All costs incurred for a hearing room shall be shared equally between the Parties.

(h) The neutral shall be paid a reasonable fee plus expenses, which fees and expenses shall be shared equally by the Parties.

(i) The ruling shall be binding on the Parties and may be entered as an enforceable judgment by a state or federal court having jurisdiction of the Parties.

13.6 This Section XIII shall survive any termination of this Agreement.

**ARTICLE XIV - NOTICES AND PAYMENTS**

**CONFIDENTIAL**

Any payment, notice or other communication pursuant to this Agreement shall be sufficiently made or given on the date of transmission, if sent by electronic mail (e-mail), or on the date of mailing if sent to such Party by certified first class mail, postage prepaid, addressed to it at its address below or as it shall designate by written notice given to the other Party:

In the case of Northwestern:                    Executive Director  
   Innovation and New Ventures Office  
   Northwestern University  
   1800 Sherman Avenue, Suite 504  
   Evanston, Illinois 60201  
   Email: <address>

With a copy to:                                    Office of General Counsel  
   Northwestern University  
   633 Clark Street  
   Evanston, Illinois 60208  
   Attention: John Calkins  
   Email: <address>

In the case of Licensee:                        Name  
   Title  
   Company Address  
   City, State ZIP  
   Attention:  
   Email: <address>

**ARTICLE XV - GENERAL**

15.1 **Force Majeure.** Neither Party shall be liable to the other for its failure to perform any of its obligations under this Agreement, except for payment obligations, during any period in which such performance is delayed because rendered impracticable or impossible due to circumstances beyond its reasonable control, including without limitation earthquakes, governmental regulation, fire, flood, labor difficulties, interruption of supply of key raw materials, civil disorder, and acts of God, provided that the Party experiencing the delay promptly notifies the other Party of the delay.

15.2 **Severability.** In the event any provision of this Agreement is held to be invalid or unenforceable, the valid or enforceable portion thereof and the remaining provisions of this Agreement will remain in full force and effect.

15.3 **Applicable Law.** This Agreement is made in accordance with and shall be governed and construed under the laws of the State of Illinois, excluding its choice of law rules.

15.4 **Entire Agreement.** This Agreement and the exhibits attached hereto constitute the entire, final, complete and exclusive agreement between the Parties and supersede all previous agreements or representations, written or oral, with respect to the subject matter of this Agreement. This Agreement may not be modified or amended except in a writing signed by a duly authorized representative of each Party.

**CONFIDENTIAL**

15.5 **Headings.** The headings for each article and section in this Agreement have been inserted for convenience or reference only and are not intended to limit or expand on the meaning of the language contained in the particular article or section.

15.6 **Independent Contractors.** The Parties are not employees or legal representatives of the other Party for any purpose. Neither Party shall have the authority to enter into any contracts in the name of or on behalf of the other Party.

15.7 **Advertising.** Licensee shall not use the name of the inventor listed in this Agreement, of any institution with which the inventor has been or is connected, nor the name of Northwestern in any advertising, promotional or sales literature, without prior written consent obtained from Northwestern in each case.

15.8 **Waiver.** Any waiver (express or implied) by either Party of any breach of this Agreement shall not constitute a waiver of any other or subsequent breach.

15.9 **Counterparts.** This Agreement may be executed in counterparts with the same force and effect as if each of the signatories had executed the same instrument.

15.10 **Export Controls.** It is understood that Northwestern is subject to United States laws and regulations controlling the export of technical data, computer software, laboratory prototypes, and other commodities that may require a license from the applicable agency of the United States Government and/or may require written assurances by Licensee that it will not export data or commodities to certain foreign countries without prior approval of such agency. Northwestern neither represents that a license is required, nor that, if required, it will be issued.

15.11 **Patent Marking.** Licensee agrees to mark the Licensed Products sold in the United States with all applicable United States patent numbers. All Licensed Products shipped to or sold in other countries shall be marked in such a manner as to conform with the patent laws and practice of the country of manufacture or sale.

**In Witness Whereof,** the Parties have executed this Agreement effective on the date first set forth above.

<b>LICENSEE</b>	<b>NORTHWESTERN</b>
Signature: _____	Signature: _____
Date: _____	Date: _____
Name: _____	Name: <u>Alicia Löffler, Ph.D.</u>
Title: _____	Title: <u>Associate Vice President &amp; Executive Director</u>
Company: _____	<u>Innovation &amp; New Ventures Office</u>
Location: _____	<u>Evanston, Illinois</u>