**Patent License Agreement**

**Non-Binding Term Sheet**

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| --- | --- | --- | --- |
| **Licensor** | [*University name]* (“University”) | | |
| **Licensee** | *[Company name]* (“Company”) | | |
| **Patent Rights** | University’s rights in the patent applications and patents listed in Exhibit A hereto, and other patent applications and patents that are entitled to priority to any patent applications listed in Exhibit A. | | |
| **Technology Rights** | *[Identify software, research results, data and materials explicitly identified by the inventors to be licensed pursuant to the license agreement.]* | | |
| **License Grant** | Exclusive license of Patent Rights within the Field of Use within the Territory, subject to (a) University’s reserved rights for education, research and clinical purposes and the right to extend these rights to other non-profit research institutions, (b) rights of the U.S. government, and (c) [*list any other pre-existing license rights*].  [Non-exclusive license within the Field of Use within the Territory to Technology Rights.] | | |
| **Field of Use** | *[All fields of use]* / *[Described limited field of use]* | | |
| **Territory** | Worldwide | | |
| **Upfront Fee** | $\_\_\_\_\_ due within 30 days of execution of the definitive License Agreement plus capital stock (see “Equity” below) | | |
| **Equity** | Company shall issue University a number of shares of common stock representing \_\_% of the outstanding capital stock of Company on a fully-diluted basis and shall issue additional shares of common stock so that the University maintains a \_\_% interest in the Company through the Company raising $\_\_\_\_\_ in equity financing. Thereafter, the University shall have rights to participate in future capital raises of the Company. | | |
| **Running Royalty** | \_\_% of Net Sales of Licensed Products that practice Patent Rights by Company, its Affiliates, and sublicensees, payable quarterly.  \_\_% of Net Sales of Licensed Products that incorporate Technology Rights but do not practice Patent Rights by Company, its Affiliates, and sublicensees, payable quarterly.  Royalties are payable until the later of (a) the last to expire of the Patent Rights, and (b) \_\_\_\_ years from the first commercial sale. The rights to use the Technology Rights survive expiration of the Royalty Term. | | |
| **Annual Maintenance Fee**  **(*Applicable until date of First Commercial Sale*)** | * $\_\_\_\_\_\_\_\_\_ on the first anniversary of agreement date * $\_\_\_\_\_\_\_\_\_ on the second anniversary of agreement date * $\_\_\_\_\_\_\_\_\_ on each of the third and subsequent anniversaries of agreement date until Company or a sublicensee commences selling Products. | | |
| **Annual Minimum Royalties**  ***(Applicable after date of First Commercial Sale)*** | Company shall pay University annual minimum royalties of $\_\_\_\_\_\_\_\_\_ in first year after Company or a sublicensee commences selling Products, and $\_\_\_\_\_\_\_\_\_ each year thereafter. Annual Minimum Royalties are creditable towards royalties in the year due. | | |
| **Non-Royalty Sublicense Revenues** | Company shall pay University:   * \_\_% of all Non-Royalty Sublicense Revenues for all sublicenses entered into before Milestone 1 * \_\_% of all Non-Royalty Sublicense Revenues for all sublicenses entered into after Milestone 1 and before Milestone 2 * \_\_% of all Non-Royalty Sublicense Revenues for all sublicenses entered into after Milestone 2 and before Milestone 3 * \_\_% of all Non-Royalty Sublicense Revenues for all sublicenses entered into after Milestone 3 | | |
| **Milestone Payments** | **Milestone Event** | | **Milestone Payment** |
|  | | $\_\_\_\_\_\_\_\_ |
|  | | $\_\_\_\_\_\_\_\_ |
|  | | $\_\_\_\_\_\_\_\_ |
| **Diligence** | Company will use diligent efforts to make licensed products commercially available in the Field of Use, including without limiting accomplishing the following benchmarks by the deadlines indicated, which deadlines may be subject to extension in accordance with the license agreement terms. | | |
| **Benchmark** | **Deadline** | |
|  | \_\_ months from agreement date | |
|  | \_\_ months from agreement date | |
|  | \_\_ months from agreement date | |
| **Patent Prosecution and Expense Reimbursement** | All Patent Rights shall be filed, prosecuted, maintained and defended in the name of and subject to the direction of University, provided that Company will have an opportunity to review and comment on filings. Company will reimburse University for all past and future patent expenses. Past patent expenses are approximately $\_\_\_\_\_\_\_ as of the date hereof, and due \_\_\_\_\_\_\_\_\_\_\_. | | |
| **Patent Enforcement** | Each party will notify the other of suspected patent infringement by third parties. Company will have the first right to institute an action for alleged infringement. If Company does not commence an action within 12 months, University shall have the right to commence an action. Proceeds from a patent infringement action shall first be applied to reimburse the parties for their out-of-pocket expenses related to such action and then shall be split \_\_\_% to the party instituting the action and \_\_% to the other party. | | |
| **Definitive License Agreement** | The definitive license agreement will be based on University’s standard form license agreement, subject to review and comment by Company. Capitalized terms are defined in the full license template. Standard University language for use of names, warranty, indemnification and insurance as well as other standard terms and conditions apply. | | |

**Exhibit A: Patent Rights**