**BIOLOGICALS SUPPLY AND LICENSE AGREEMENT BETWEEN THE UNIVERSITY OF TEXAS SYSTEM AND**

**horizontal rule**

THIS AGREEMENT is made by and between the BOARD OF REGENTS (BOARD) OF THE UNIVERSITY OF TEXAS SYSTEM, an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a \_\_\_\_\_\_\_\_\_\_\_\_ corporation with its principal place of business at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (LICENSEE).

**RECITALS**

A. Board owns certain Technology Rights related to Licensed Subject Matter, which were developed at The University of Texas (“University”), a component institution of System.

B. Board desires to have the Licensed Subject Matter developed and used for the benefit of Licensee, the inventor, Board, and the public as outlined in the Intellectual Property Policy promulgated by the Board.

C. Licensee wishes to obtain a license from Board to practice Licensed Subject Matter.

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

**1. EFFECTIVE DATE**

This agreement shall be effective as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Effective Date”), subject to approval by Board.

**2. DEFINITIONS**

As used in this Agreement, the following terms shall have the meanings indicated:

2.1 AFFILIATE shall mean (1) any corporation or other noncorporate entity owning directly, or indirectly controlling, at least fifty percent (50%) of the stock normally entitled to vote for election of directors of LICENSEE, (2) any corporation owned or directly controlled by LICENSEE through ownership of at least fifty percent (50%) of the stock normally entitled to vote for election of directors or any other entity actually controlled by LICENSEE, (3) any corporate or noncorporate entity under common control with LICENSEE; provided, however, that in the circumstance where the country of incorporation of such owned or controlled corporation requires the maximum ownership by a foreign entity be less than fifty percent (50%), the percentage of ownership required to make such an entity an affiliate, shall be equal to the maximum percentage of ownership permitted by such country.

2.2 LICENSED FIELD shall mean any use of the Biological Material(s) for research purposes. The LICENSED FIELD specifically excludes any use of Biological Material(s) which requires regulatory approval, including any *in vitro* and *in vivo* diagnostic or therapeutic applications, and any *in vivo* use for whatever purpose.

2.3 LICENSED PRODUCT shall mean any product SOLD within the LICENSED TERRITORY by LICENSEE comprising LICENSED SUBJECT MATTER pursuant to this Agreement.

2.4 LICENSED SUBJECT MATTER shall mean inventions and discoveries considered by BOARD to be proprietary know-how or TECHNOLOGY RIGHTS within LICENSED FIELD.

2.5 LICENSED TERRITORY shall mean worldwide.

2.6 NET SALES shall mean the gross revenue received by LICENSEE or an AFFILIATE from the SALE of LICENSED PRODUCTS less sales and/or use taxes actually paid, import and/or export duties actually paid, outbound transportation prepaid or allowed, and amounts allowed or credited due to returns (not to exceed the original billing or invoice amount).

2.7 SALE, SELL or SOLD shall mean the transfer or disposition of a LICENSED PRODUCT for value to a party other than LICENSEE or an AFFILIATE.

2.8 TECHNOLOGY RIGHTS shall mean BOARD'S rights in [describe biological material, and name of developer, etc.] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**3. WARRANTY; SUPERIOR RIGHTS**

3.1 Except for the rights, if any, of the Government of the United States, as set forth below, BOARD represents and warrants its belief that it is the owner of the entire right, title, and interest in and to LICENSED SUBJECT MATTER, and that it has the sole right to grant licenses thereunder, and that it has not knowingly granted licenses thereunder to any other entity that would restrict rights granted hereunder except as stated herein.

3.2 LICENSEE acknowledges that UNIVERSITY has not carried out any patent or other searches. In the event that any such infringement is alleged by third parties, LICENSEE agrees to notify UNIVERSITY promptly. LICENSEE and UNIVERSITY agree to investigate the situation fully and to collaborate in taking appropriate action, including meeting with the third party in a settlement conference. Any settlement reached with the third party must be agreeable to LICENSEE and UNIVERSITY; however, neither party will unreasonably or arbitrarily withhold approval of a settlement agreement. If LICENSEE is required to make payments to such third party for infringement of the third party's patents, such payments will be deducted from royalty payments due UNIVERSITY under Paragraph 5.1 up to but not to exceed fifty percent (50%) of the royalty payment due UNIVERSITY. LICENSEE shall have the right to terminate the Agreement without liability in the event that the sale of LICENSED SUBJECT MATTER infringes third party intellectual property rights, and no reasonable accommodation is possible.

3.3 LICENSEE understands that the LICENSED SUBJECT MATTER may have been developed under a funding agreement with the Government of the United States of America and, if so, that the Government may have certain rights relative thereto. This Agreement is explicitly made subject to the Government's rights under any such agreement and any applicable law or regulation. To the extent that there is a conflict between any such agreement, applicable law or regulation and this Agreement, the terms of such Government agreement, applicable law or regulation shall prevail.

3.4 Except as expressly set forth in this Agreement, UNIVERSITY MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE LICENSED PRODUCT(S) WILL NOT INFRINGE ANY PATENT, COPYRIGHT, OR TRADEMARK, OR OTHER RIGHTS OR ANY OTHER EXPRESS OR IMPLIED WARRANTIES.

**4. LICENSE**

4.1 BOARD hereby grants to LICENSEE a royalty-bearing, exclusive/non-exclusive license under LICENSED SUBJECT MATTER to manufacture, have manufactured, and/or sell LICENSED PRODUCTS for use within LICENSED FIELD. This grant shall be subject to the payment by LICENSEE to BOARD of all consideration as provided in this Agreement, and shall be further subject to rights retained by BOARD to:

(a) Publish the general scientific findings from research related to LICENSED SUBJECT MATTER; and

(b) Use LICENSED SUBJECT MATTER and any information contained in LICENSED SUBJECT MATTER for research, teaching and other educationally-related purposes.

(c) Maintain LICENSED SUBJECT MATTER and make it available to the nonprofit research community as may be required by applicable NIH Procedures.

4.2 LICENSEE shall have the right to extend the license granted herein to any AFFILIATE provided that such AFFILIATE consents to be bound by this Agreement to the same extent as LICENSEE.

4.3 LICENSEE shall have the right to grant sublicenses consistent with this Agreement provided that LICENSEE shall be responsible for the operations of its sublicensees relevant to this Agreement as if such operations were carried out by LICENSEE, including the payment of royalties whether or not paid to LICENSEE by a sublicensee. LICENSEE further agrees to deliver to BOARD a true and correct copy of each sublicense granted by LICENSEE, and any modification or termination thereof, within thirty (30) days after execution, modification, or termination. Upon termination of this Agreement, any and all existing sublicenses granted by LICENSEE shall be assigned to BOARD.

4.4 [Optional: If license is exclusive] BOARD shall have the right at any time after two (2) years from the date of this Agreement, to terminate the exclusivity of the license granted herein in any national political jurisdiction within ninety (90) days after written notice from BOARD as to such intended termination of exclusivity, if LICENSEE fails to provide written evidence that it has commercialized or is actively attempting to commercialize LICENSED SUBJECT MATTER within such jurisdiction. BOARD agrees to negotiate in good faith with LICENSEE for adjusting terms under such a non-exclusive arrangement. BOARD shall have the right at any time after three (3) years from the date of this Agreement to terminate the license completely in any national political jurisdiction if LICENSEE, within ninety days after written notice from BOARD of such intended termination, fails to provide written evidence that it has commercialized or is actively attempting to commercialize LICENSED SUBJECT MATTER within such jurisdiction. Evidence provided by LICENSEE that it has an ongoing and active research, development, manufacturing, marketing or licensing program as appropriate, directed toward production and sale of LICENSED PRODUCTS within such jurisdiction shall be deemed satisfactory evidence.

**5. PAYMENTS AND REPORTS**

5.1 In consideration of rights granted by BOARD to LICENSEE under this Agreement, LICENSEE agrees to pay BOARD the following:

(a) A running royalty equal to \_\_\_\_\_ percent (\_\_\_\_%) of NET SALES for LICENSED PRODUCTS; and

(b) One half of the gross revenues received by LICENSEE from any sublicensee.

5.2 During the Term of this Agreement and for one (1) year thereafter, LICENSEE shall keep complete and accurate records of its and its sublicensees' SALES and NET SALES of LICENSED PRODUCTS under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder to be determined. LICENSEE shall permit BOARD or its representatives, at BOARD'S expense, to periodically examine its books, ledgers, and records during regular business hours for the purpose of and to the extent necessary to verify and report information required under this Agreement. In the event that the amounts due to BOARD are determined to have been underpaid, LICENSEE shall pay the cost of such examination, and accrued interest at the highest allowable rate.

5.3 Within forty-five (45) days after March 31, June 30, September 30 and December 31, LICENSEE shall deliver to BOARD a true and accurate report, giving such particulars of the business conducted by LICENSEE and its sublicensees, if any exist, during the preceding three (3) calendar months under this Agreement as are pertinent to an account for payments hereunder. Such report shall include at least (a) the quantities of LICENSED PRODUCT that it has produced; (b) the total SALES; © the calculation of royalties thereon; and (d) the total royalties so computed and due BOARD. Simultaneously with the delivery of each such report, LICENSEE shall pay to the BOARD the amount, if any, due for the period of such report. If no payments are due, it shall be so reported.

5.4 Upon the request of BOARD but not more often than once per calendar year, LICENSEE shall deliver to BOARD a written report as to LICENSEE'S efforts and accomplishments during the preceding year in commercializing LICENSED SUBJECT MATTER and its commercialization plans for the upcoming year.

5.5 All amounts payable hereunder by LICENSEE shall be payable in United States funds without deductions for taxes, assessments, fees or charges of any kind. Checks shall be made payable to The University of Texas.

**6. TRANSFER OF MATERIAL**

Within thirty (30) days after the execution of this Agreement, or less if both parties agree, UNIVERSITY, through \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Inventor or Department), will disclose and furnish to LICENSEE a quantity of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in an amount agreed upon by LICENSEE, and UNIVERSITY.

**7. TERM AND TERMINATION**

7.1 The Term of this Agreement shall extend from the Effective Date for a period of \_\_\_\_\_\_\_\_ (\_\_\_\_\_) years.

7.2 This Agreement will earlier terminate:

(a) automatically if LICENSEE shall become bankrupt or insolvent and/or if the business of LICENSEE shall be placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of LICENSEE or otherwise;

(b) upon ninety (90) days written notice if LICENSEE shall breach or default on any obligation under this License Agreement; provided, however, LICENSEE may avoid such termination if before the end of such period LICENSEE notifies BOARD that such breach has been cured and states the manner of such cure.

(c) under the provisions of Paragraph 4.4 if invoked.

7.3 Upon termination of this Agreement for any cause, nothing herein shall be construed to release either party of any obligation matured prior to the effective date of such termination. LICENSEE may, after the effective date of such termination, sell all LICENSED PRODUCTS that it may have on hand at the date of termination, provided that it pays earned royalties thereon as provided in this Agreement.

**8. ASSIGNMENT**

This Agreement may not be assigned by LICENSEE without the prior written consent of BOARD.

**9. INDEMNIFICATION**

9.1 LICENSEE shall hold harmless and indemnify BOARD, SYSTEM, UNIVERSITY, its Regents, officers, employees and agents from and against any claims, demands, or causes of action whatsoever, including without limitation those arising on account of any injury or death of persons or damage to property caused by, or arising out of, or resulting from, the exercise or practice of the license granted hereunder by LICENSEE, its Subsidiaries, or their officers, employees, agents or representatives.

9.2 UNIVERSITY shall not be liable for any indirect, special, consequential, or other damages whatsoever, whether grounded in tort (including negligence), strict liability, contract, or otherwise.

**10. USE OF BOARD AND COMPONENT'S NAME**

LICENSEE shall not use the name of UNIVERSITY, SYSTEM, BOARD or Regents without express written consent.

**11. CONFIDENTIAL INFORMATION**

11.1 BOARD and LICENSEE each agree that all information contained in documents marked “confidential”, or orally disclosed and reduced to writing within thirty (30) days and 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 party (except as required by law or court order), its agents or employees without the prior written consent of the other party, unless such information (a) was in the public domain through no act or omission of the recipient party, its employees, agents, successors or assigns, (b) later became part of the public domain through no act or omission of the recipient party, its employees, agents, successors or assigns, (c) was lawfully disclosed to the recipient party by a third party having the right to disclose it, (d) was already known by the recipient party at the time of disclosure, (e) was independently developed by the recipient or (f) is required to be disclosed to a government agency.

11.2 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 confidential information. This obligation shall exist while this Agreement is in force and for a period of three (3) years thereafter.

**12. GENERAL**

12.1 This Agreement constitutes the entire and only agreement between the parties for LICENSED SUBJECT MATTER and all other prior negotiations, representations, agreements, and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties.

12.2 Any notice required by this License Agreement shall be given by prepaid, first class, certified mail, return receipt required, addressed to:

UNIVERSITY  
[Address]

or in the case of LICENSEE to:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Attention:   
FAX:   
PHONE:

or such other addresses as may be given from time to time under the terms of this notice provision.

12.3 This Agreement shall be construed and enforced in accordance with the laws of the United States of America and of the State of Texas.

12.4 Failure of BOARD to enforce a right under this Agreement shall not act as a waiver of that right or the ability to later assert that right relative to the particular situation involved.

12.5 Headings included herein are for convenience only and shall not be used to construe this Agreement.

12.6 If any provision of this Agreement shall be found by a court to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

IN WITNESS WHEREOF, parties hereto have caused

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| --- | --- |
| [Name of Contracting Party] | BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM |
| By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Name: | Name: |

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| --- |
| APPROVED AS TO CONTENT:  THE UNIVERSITY OF TEXAS AT \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [Component]  By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: |