**AGREEMENT TO NEGOTIATE A LICENSE
between
THE UNIVERSITY OF TEXAS SYSTEM
and
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

THIS Agreement (AGREEMENT) is between the Board of Regents (BOARD) of The University of Texas System (SYSTEM), an agency of the State of Texas, whose address is 210 West 7th Street, Austin, Texas 78701, on behalf of the University of Texas \_\_\_\_\_\_\_\_\_\_ (UNIVERSITY), a component institution of SYSTEM, and \_\_\_\_\_\_\_\_\_\_\_\_ (COMPANY), a \_\_\_\_\_\_\_\_\_\_(name the state) corporation having a principal place of business located at \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_(city), \_\_(state) \_\_\_\_\_\_(zip).

**RECITALS**

A. BOARD owns certain PATENT RIGHTS (as defined below) and TECHNOLOGY RIGHTS (as defined below), which were developed at UNIVERSITY.

B. COMPANY is interested in evaluating PATENT RIGHTS and TECHNOLOGY RIGHTS as a platform for a START-UP (as defined below) to be established by COMPANY and perhaps others.

C. BOARD and COMPANY wish to set forth the conditions under which they will negotiate in good faith a worldwide, exclusive, and sublicensable license for PATENT RIGHTS and TECHNOLOGY RIGHTS.

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

**1. EFFECTIVE DATE**

This AGREEMENT is effective \_\_\_\_\_\_\_\_\_\_, 200\_ (EFFECTIVE DATE).

**2. DEFINITIONS**

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

2.1 PATENT RIGHTS means BOARD'S rights in information or discoveries covered in patent applications whether domestic or foreign, and all divisionals, continuations, continuations-in-part, reissues, reexaminations or extensions thereof, and any letters patent that issue thereon, as defined in Exhibit 1.

2.2 TECHNOLOGY RIGHTS means BOARD'S rights in technical information, know-how, processes, procedures, compositions, devices, methods, formulas, protocols, techniques, software, designs, drawings or data created by \_\_\_\_\_\_\_\_\_\_\_, at UNIVERSITY before the EFFECTIVE DATE and relating to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ which are not covered by PATENT RIGHTS but which are necessary for practicing the PATENT RIGHTS.

2.3 START-UP means a company founded by COMPANY and perhaps others for the purpose of commercializing PATENT RIGHTS and TECHNOLOGY RIGHTS.

**3. STANDSTILL**

During the term of this AGREEMENT, BOARD will not pursue any license agreements relating to the PATENT RIGHTS and TECHNOLOGY RIGHTS with any other organization, commercial entity, private business, or individual. However, BOARD does retain the rights to:

a. publish the general scientific findings from research related to PATENT RIGHTS and/or TECHNOLOGY RIGHTS;

b. use PATENT RIGHTS and/or TECHNOLOGY RIGHTS for research, teaching and other educationally-related purposes; and

c. transfer materials covered by PATENT RIGHTS and/or TECHNOLOGY RIGHTS to academic or research institutions for non-commercial research use.

**4. COMPANY DILIGENCE**

As evidence of its diligence in establishing START-UP, COMPANY will submit the following to UNIVERSITY:

a. By \_\_\_\_\_\_\_, 200\_, a business plan acceptable to UNIVERSITY in its sole discretion containing the particulars of START-UP'S business model and strategy for developing products and/or services covered by PATENT RIGHTS and/or TECHNOLOGY RIGHTS; and

b. On or before \_\_\_\_\_\_\_\_, 200\_, with evidence acceptable to UNIVERSITY that it has received $\_\_\_\_\_\_\_.00 in third party funding for START-UP.

**5. LICENSE NEGOTIATION**

5.1 Provided that UNIVERSITY accepts COMPANY'S diligence as provided under Article 4, the parties will ensure that the negotiations for a license agreement will begin within \_\_ days after receipt of the funding specified in Section 4b or before the end of the term of this AGREEMENT, whichever is sooner.

5.2 BOARD and UNIVERSITY agree to diligently negotiate a worldwide, exclusive, and sublicensable license to make, have made, use, or sell products and / or services incorporating or based upon PATENT RIGHTS and/or TECHNOLOGY RIGHTS. This license will contain at least the following provisions:

a. reimbursement to UNIVERSITY of all patent expenses to date, if any;

b. payment of future patent expenses;

c. payment of an up-front license fee;

d. payment of a running royalty rate;

e. payment of milestone fees, if appropriate;

f. diligence requirements for commercializing PATENT RIGHTS and/or TECHNOLOGY RIGHTS; and

g. indemnification, confidentiality, intellectual property, and publication provisions and other reasonable and customary terms in a license agreement, all in conformity with the Texas Constitution, the laws of the State of Texas and BOARD'S Rules and Regulations.

5.3 If the parties are unable to successfully negotiate a license agreement within \_\_ days, then either party may supply the other with written notice to terminate the license negotiations. If license negotiations are terminated, then this AGREEMENT will also be terminated.

**6. TERM AND TERMINATION**

6.1 The term of this AGREEMENT is from the EFFECTIVE DATE until \_\_\_\_\_\_\_, 200\_, unless earlier terminated as provided in Section 5.3 or this Article 6.

6.2 This AGREEMENT will terminate sooner:

a. automatically on \_\_\_\_\_\_\_, 200\_, if COMPANY does not submit an acceptable business plan as provided under Section 4a; or

b. automatically if COMPANY becomes bankrupt or insolvent and/or if the business of COMPANY is placed in the hands of a receiver, assignee, or trustee, whether by voluntary act of COMPANY or otherwise; or

c. at any time by mutual written agreement between COMPANY, UNIVERSITY and BOARD, upon \_\_ days written notice to all parties and subject to any terms herein which survive termination; or

d. Automatically if Section 5.3 is invoked.

6.3 If this AGREEMENT is terminated for any cause nothing herein will be construed to release either party of any obligation matured prior to the effective date of the termination.

**7. ASSIGNMENT**

Except in connection with the sale of substantially all of COMPANY'S assets to a third party with written notice to UNIVERSITY, COMPANY may not assign this AGREEMENT without the prior written consent of BOARD, which will not be unreasonably withheld.

**8. CONFIDENTIAL INFORMATION**

8.1 The parties agree that all information forwarded to one by the other for the purposes of this AGREEMENT (1) are to be received in strict confidence, (2) are to be used only for the purposes of this AGREEMENT, and (3) are not to be disclosed by the recipient party, its agents or employees without the prior written consent of the other party, except to the extent that the recipient party can establish competent written proof that 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 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 by law or regulation to be disclosed, provided however, that the disclosing party shall first give the other party written notice and adequate opportunity to object to such order for disclosure or to request confidential treatment.

8.2 Information shall not be deemed to be available to the public or to be in the recipient's possession merely because it:

a. includes information that falls within an area of general knowledge available to the public or to the recipient (i.e., it does not include the specific information provided by the other party); or

b. can be reconstructed in hindsight from a combination of information from multiple sources that are available to the public or to the recipient, if not one of those sources actually taught or suggested the entire combination, together with its meaning and importance.

8.3 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 3 years thereafter.

8.4 BOARD recognizes that COMPANY may need to enter into related confidentiality agreements with third parties. COMPANY agrees that confidential information will not be disclosed to third parties unless a confidentiality agreement has been fully executed between the COMPANY and the third party.

**9. GENERAL**

9.1 This AGREEMENT constitutes the entire and only agreement between the parties to negotiate a worldwide, exclusive, and sublicensable license and all other prior negotiations, representations, agreements, and understandings are hereby superseded. No agreements altering or supplementing these terms may be made except by a written document signed by both parties.

9.2 Any notice required by this AGREEMENT must be given by facsimile transmission confirmed by personal delivery (including delivery by reputable messenger services such as Federal Express) or by prepaid, first class, certified mail, return receipt requested, addressed in the case of UNIVERSITY to:

UNIVERSITY
Office for \_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_, Texas \_\_\_\_\_\_\_
ATTENTION: \_\_\_\_\_\_\_\_\_
Phone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Fax: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

or in the case of COMPANY to:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
\_\_\_\_\_\_\_\_, \_\_\_\_\_\_ \_\_\_\_\_
ATTENTION: \_\_\_\_\_\_\_\_\_\_\_\_
Phone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Fax: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

9.3 COMPANY must comply with all applicable national, state and local laws and regulations in connection with its activities pursuant to this AGREEMENT.

9.4 This AGREEMENT will be construed and enforced in accordance with the laws of the United States of America and of the State of Texas. The Texas state courts of \_\_\_\_\_\_\_\_ County, Texas (or, if there is exclusive federal jurisdiction, the United States District Court for the \_\_\_\_\_\_\_\_ District of Texas) shall have exclusive jurisdiction and venue over any dispute arising out of this AGREEMENT, and COMPANY hereby consents to the jurisdiction of such courts.

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

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

9.7 If any part of this AGREEMENT is for any reason found to be unenforceable, all other parts nevertheless remain enforceable.

9.8 Neither party shall be held liable or responsible to the other party nor be deemed to have defaulted under or breached this AGREEMENT for failure or delay in fulfilling or performing any term of this AGREEMENT when such failure or delay is caused by or results from causes beyond the reasonable control of the affected party, including, without limitation, fire, floods, earthquakes, natural disasters, embargoes, war, acts of war (whether war is declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this AGREEMENT.

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| BOARD OF REGENTS OF THEUNIVERSITY OF TEXAS SYSTEM  | COMPANY |
| By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Name Title UNIVERSITY Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Name TitleDate\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  |

Approved as to Content:

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
Name
Title
UNIVERSITY

Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SAMPLE ---EXHIBIT 1 --- SAMPLE**

U.S. Patent Application No. \_\_\_\_\_\_\_\_\_\_\_, filed \_\_\_\_\_\_\_\_\_, 200\_, entitled "\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_" invented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
International Patent Application No. PCT/\_\_\_\_\_\_\_\_\_\_, filed \_\_\_\_\_\_\_\_\_\_, 200\_, entitled "\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_" invented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**Note: Please carefully and clearly identify inventions covered in Patent Rights.**