

Licensing Transgenic Mice and Other Research Tools: A Practical Guide

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Introduction

Research Tools

Research tools are reagents that are used to aid in the research process. They can be live materials such as cell lines and transgenic animals or other materials including DNA, viruses, vectors, and proteins. The main focus of this chapter is to discuss licensing of transgenic animals for internal research purposes and licensing of antibodies to a company for distribution as a product line. That being said, much of what is covered can translate into licensing of other research tools for either internal research purposes or for sale and distribution. We provide template license agreements along with this chapter, however, it should be noted that these agreements are considered samples only, and we update them on a frequent basis. (See appendices.)

Rationale: Why License Research Tools

Whether licensing for internal use or for distribution as a product, the licensee is obtaining something of value created by your institution. A license agreement or material transfer agreement (MTA) stipulates the conditions under which that tool can be used or sold. We tend to use a license agreement for this purpose to incorporate more robust protection for the institution in the form of indemnity and governing law provisions, among others.

Access to research tools for internal activities is important to companies. They use a variety of research tools in their research and product development efforts just as faculty members do in their laboratories. Companies prefer accessing research tools that have been used and proven by others to perform as claimed by the developers. Thus, some research tools don't generate interest until months or years after they are first published.

Licensing of research tools can also be viewed as a service to your faculty member. When licensing a tool for sale and distribution you are removing the burden of distribution from the faculty member's laboratory.

In both licensing scenarios, you are aiding in the advancement of research by enhancing the access to reagents.

Patenting Research Tools

One main reason to patent inventions in a nonprofit, academic, research institution technology transfer office (TTO) is to attract a licensee. In general, patenting of research tools is not necessary and does not make economic sense.

Licenses for internal research use are typically nonexclusive, allowing as many users to obtain the tool as possible. The licensees do not care if the tool is patented because it isn't an end product; it is just one of many reagents used to get to the product.

To attract a licensee for a research tool, the licensing fees must be kept reasonable (i.e., lower than the cost of generating that tool in house). Thus the fees paid for the license might not exceed the cost of a patent, making recovery of patent costs unlikely. This is particularly true with animal models where it is sometimes difficult to judge the popularity of a model when it first becomes available, which is also the time you would have to file a patent application. Antibodies face the same challenge; there are usually a finite number of laboratories studying the protein of interest, and, thus, these labs represent a majority of the market for that antibody.

Other considerations regarding patenting are policing of the use of the tool and patent enforcement. A few questions to ask yourself are: How would my institution police use of a research tool? Companies using a mouse model, for example, might not publish their studies. How likely would it be that my institution would choose to enforce a patent on a potential infringer in the case of a research tool? What are the perceived damages to the institution? If the damages are substantially lower than the cost of enforcement, perhaps a patent is not warranted to begin with. The costs of pursuing patent protection for research tools almost always outweigh any potential benefits.

One exception to this might be a platform research tool (i.e., a novel cloning system that is markedly better or more efficient than current approaches) that will be sold and distributed by a company, particularly one with a large market. In this case, the license may be exclusive in nature, and the licensee will likely desire patent protection to secure its competitive advantage. Another exception might involve a transgenic animal model that is used as a platform technology. This could be a model of drug metabolism that is being used in a service business to screen for drug-drug interactions and toxicity. However, under any circumstances, reservation of rights for use of the tool by other academic institutions is imperative so that your institution can provide the tool to academic investigators.

Ownership

When reviewing the background information on your research tool, is it important to learn what elements were used to create it and the sources of the elements. It is typical that multiple elements might be combined to create a new, more useful tool. These result in tools that incorporate elements from other entities. Alternatively, the tool could be generated in collaboration with another entity. These situations can be handled in a number of ways starting with consulting with the other entity.

In a few instances we have a jointly owned mouse model where both institutions have a live colony. We have executed an agreement where both institutions can license the model of interest on request, and revenue is divided per the terms of the agreement. This allows each institution to be responsive to requests and capitalize on relationships with licensees; either those of the TTO or of the faculty member. In other cases, we have executed a standard in-license of another institution's material and/or intellectual property. These are cases where the material was obtained or intellectual property was used but not necessarily through collaboration. This provides the ability to license out the tool and provide some revenue back to the other institution. We've also executed a simple letter agreement allowing an institution to license a tool incorporating an element developed by our institution.

A practical, pragmatic approach is essential when dealing with issues created by different institutions owning elements of a research tool. Access to research tools by both academic and commercial entities can be unnecessarily delayed when the owners of the tool cannot agree upon terms to facilitate its distribution. Treat the other institution as you would

wish to be treated, and keep in mind that a research tool in general is not a blockbuster technology.

Other Encumbrances

There are other broad tool/element research-use licenses being offered to institutions by for-profits; two of which have generated particular interest among TTOs. One is the Cre-Lox technology used to facilitate genetic recombination events that modify the genome of a cell or animal. The United States patent covering this technology expired in 2007. The other, known as Oncomouse, is a family of patents covering the use of a gene to cause a propensity to develop cancer in an animal model or in cell lines derived from that model (U.S. Patents 5,087,571 and 5,925,803). The concept to bear in mind for these is that you should be aware of any agreements that impose obligations on your institution with respect to elements used to create the tool.

Licensing Animal Models

Introduction to Animal Models

When referring to animal models, we are focusing on mammals; there are others that include the fruit fly, *Drosophila melanogaster*, and the nematode, *Caenorhabditis elegans*, but these models are rarely licensed. The most common mammalian model used in research is the mouse, but other animals are used such as rats, rabbits, and larger mammals.

Animal models are typically made by altering the genome of the animal to confer onto that animal, and successive generations, a particular trait. Since we generally do not patent animal models, we consider them a controlled research tool in that we control access to the model via a material transfer agreement for academic requestors and a license to for-profits. As stated above, we keep the fees low enough that it is more attractive to license such models than to recreate them. In addition, our models typically have the benefit of being validated through the research programs of faculty members and others they have sent the model to, thus the licensee can have confidence in what they are licensing.

There are cases where an animal model is generated by other manipulation, for example, surgery. Although not impossible, these are more difficult to license because they tend to be expensive and time-consuming to create, as the trait is not carried through successive

generations. Also, once published, the manipulation can be replicated by others who wish to do so. Depending on the number of animals used in an experiment and the willingness of the faculty member, animal models of this nature may be amenable to a sponsored research project.

Basic Terms Regarding Animal Models

Following are some basic terms regarding animal models that will be used in further discussion regarding the specifics of license agreement language.

Knockout: A knockout animal is a genetically engineered mouse in which one or more genes have been turned off through a gene knockout. Typically the endogenous gene is knocked out via insertion of a highly similar piece of DNA, the transgene, a portion of which is removed or replaced with another sequence thereby removing or replacing the sequence of interest. The result renders the endogenous gene nonfunctional. The genetic manipulations for producing a knockout mouse are typically done using mouse embryonic stem cells (ES cells), which are then implanted into mouse embryos to generate mice carrying the knockout.

Knock-in: A knock-in animal is similar to the above but some element has been inserted or knocked into the DNA to confer an altered characteristic on the gene or sequence of interest. Whereas knockouts are used to study the effects of silencing a gene, knock-ins are developed for the opposite reason: to study the effects of expressing an additional genetic element. One example of this strategy is to insert a polyglutamine expansion sequence into a gene which, when expanded, displays a toxic or disease phenotype, such as can be observed by adding polyglutamine residues to the Huntingtin gene product to produce a Huntington's disease-like phenotype.

Genotype: The genetic constitution of a cell, organism, or individual, usually with reference to a specific characteristic or as compared to what is considered normal or wild type. Simply put, the genotype we typically reference is the exact genetic change or transgene that has been inserted into the animal model.

Phenotype: Any observable characteristic of an organism, such as its morphology, development, biochemical, or physiological properties, or behavior. With respect to animal models, the phenotype is usually a description of how the model differs from wild type.

Heterozygote: When the animal model has different alleles or sequences occupying the position of interest on each of the homologous chromosomes. In the case of animal models, the individual has one copy of the altered sequence and one copy of the original wild-type sequence.

Homozygote: The animal model carries two identical alleles or sequences occupying the position of interest in each of the homologous chromosomes. In the case of animal models, the individual has two copies of the altered sequence.

Understanding Your Animal Model

You don't have to become an expert in animal models, but technology licensing professionals should have some basic information about the mouse model to aid in discussions with potential licensees and licensing. During your interview with the faculty member, consider asking them the following questions:

1. Have you published the animal model? Have other colleagues published on it? Many times companies aren't interested in using a model until it has been validated through research that has been published.
2. What will it cost in time and money to prepare and ship the model? Some institutions can only charge certain costs internally for example, or they may have to breed up for shipment so your faculty member will incur some cost in supplying the animals.
3. Status of the model? Live colony, frozen ES cells, embryos, or sperm? If they have to be reconstituted, how long will this take? Do they have impaired breeding capabilities or require a special diet? These are factors that should be revealed to any potential licensee.
4. What exactly will be supplied: Heterozygotes or homozygotes and how many? We ask the faculty member what is most convenient for him or her and limit supply in most cases to two of each gender or two males. In addition, a genotyping protocol, sometimes including reagents, will be sent. All of this is specified in the agreement so there is no question of what will be supplied.

A few additional questions that might be answered by your vivarium director or veterinarians are:

5. What is the standard shipping process, and how long is it? Typically there is some time delay for veterinarian reports to be generated, transferred, and approved. Can an outside entity, the licensee, pay directly for shipping costs? Vet costs?
6. Are the animals pathogen free? If they are not, be upfront about this with potential licensees. Many vivariums will not accept animals that don't meet certain health guidelines.
7. Is there any verification process for transfer regarding completion of the MTA or license? There is a checklist of items required to be completed prior to transfer of animals from the vivarium, and we have added a requirement for an executed material transfer agreement or other appropriate document to that checklist.

Animal Model License Structure

As mentioned, animal models are typically licensed nonexclusively, and the agreements have many elements in common with all research tool licenses. With respect to all research tool licenses, it can't be stressed enough to keep it simple, expedient, and be pragmatic. If you have a popular model, create a template for that model so that you can send out a license immediately upon request. Also if you consistently have companies request changes that are acceptable, consider incorporating that language into the original template. Our theory is that we have bigger deals to haggle over so these should be as simple as possible.

That being said there are elements in the license that require some thought.

Subject technology definition: Define the model by the transgene it carries, whether knockout or knock-in. It should not be defined by the phenotype or by a common name. Many animals display the same or similar phenotypes, and some common names are phenotypes. The quaking mouse model is a common name for a specific strain, but many mouse models have a quaking phenotype. Also, incorporate language such that any cross-bred animal or cell lines that carry the transgene are to be considered subject technology.

The grant of license: Should restrict sale or transfer to third parties and restrict patenting the model or any use of the model. We include a provision allowing transfer to and use by a service provider, since many companies outsource their colony management and ani-

mal research activities. Due to frequent requests, we have incorporated language stating that ownership of research results generated by the licensee with the use of the licensed model resides with the licensee. Another requested clause is one stating that the licensee can use the animal model for drug-screening purposes.

Payments: Fee structure is obviously influenced by the general policies of the TTO. Our licenses provide for an upfront fee and an annual maintenance fee. We also require a material handling fee, which is used to reimburse the faculty member's lab for some of the costs incurred in the process of preparing and shipping the animals. We distribute this fee directly to the lab account. This handling fee is also used in cases where the developer of the mouse model no longer has the model, but a colleague maintains a colony and is willing to prepare and ship it.

License fees for mouse model licenses vary widely and will depend on a number of factors. For example, is the fee a one-time fee or are there annual maintenance fees? Does the animal model possess a phenotype that fits within a broad or narrow field, and what is the market size for that field? In our experience and with input from a few other TTOs, upfront fees range from \$20,000 to more than \$100,000. Upfront fees at the higher end of the range may be in the case of a one-time payment or in the case of an animal model that fits within a large market.

We do not seek any sort of reach-through payment on royalties of a drug/therapeutic discovered via the use of the licensed animal model. This issue is a nonstarter for most potential licensees because they will typically employ a variety of research tools throughout the drug-development process, and if those tools have royalty burdens attached to them, this will strongly discourage their use.

Transfer of animal model: As mentioned, it is important to clearly state exactly what you are transferring and how many. You should also include a timeline for animal model transfer that is generous and takes into consideration the starting material: live colony, frozen embryos, etc. We use sixty days as a minimum in those cases where we have a live colony, regardless of whether we will need to breed up specifically for the transfer.

Also, we've learned to link the animal transfer timeline to receipt of payment rather than agreement execution. That way the faculty member doesn't initiate any activity and incur any costs associated with the transfer until after the upfront payment has been secured. In addition, there have been rare occasions where a licensee will, at a later date, want to obtain additional animals of that licensed model. We accommodate this in our license agreement to ensure this provision is at our discretion and that any marginal costs incurred will be recovered.

Termination: If termination of the agreement results in the licensee no longer being able to use the animal model, you should request a certificate or other verification of the colony being terminated at the licensee's facilities. Typically this can easily be provided.

Confidentiality: Often the confidentiality provision can be streamlined since there will be no confidential information transferred. This is often the case when the development and use of an animal model has been described in a peer-reviewed publication. On request, we replace with a clause that states that a confidential disclosure agreement will be appended to cover any requests for confidential information.

Distributors for Animal Models

There are a few distributors that will maintain and provide mouse models generated by your faculty members. Those that are most familiar amongst academics include Jackson Labs (JAX) (<http://www.jax.org/>), the Mutant Mouse Regional Resource Centers (MMRRC) (<http://www.mmrrc.org/>), and the Mouse Models of Human Cancers Consortium (MMHCC) Repository (<http://mouse.ncifcrf.gov/>). Distributors that focus on high-volume distribution include Taconic (<http://www.taconic.com/>).

We have a distribution agreement with JAX under which it distributes the animal model, but any for-profit requestors are directed to the TTO to obtain a license prior to any distribution. In return, a portion of the license fees are paid to JAX. MMRRC and MMHCC each have its own mechanisms for handling such relationships. In those licenses where the distributor is responsible for providing the mice, it is important to specify that shipping fees and schedule are determined by the distributor. Taconic has, in the past, in-licensed animal models for distribution under a standard product-for-sale license. It then distributes to all requestors. Taconic has other distribution mechanisms, including flexible options for distribution of newer or lower volume use animal models.

Animal Model Template Agreement

See “Appendix A: Template Non-Exclusive License Agreement: Mouse Model License for Internal Purposes.”

Licensing Antibodies

Introduction to Antibodies

Antibodies are valued by the research community because they are very powerful tools for probing the nature and function of a protein of interest. Antibodies are immunoglobulin proteins produced by the B-cells in response to an antigenic stimulus. Antibodies interact with antigens in a very specific fashion that is dependent on the amino acid sequence of the hypervariable region of the antibody. Amino acid sequence variation in antibodies is generated by a process called V(D)J recombination in which different combinations of variable genes, diversity genes, and joining genes are linked to produce a single antibody molecule that binds a specific antigen. Further diversity is generated by a process called somatic hypermutation, which changes the sequence within the variable regions of immunoglobulin genes. The number of combinations that can be produced by these processes is almost limitless, and it is this ability to generate variation that is behind the power of the antibody as a research tool.

Basic Terms Regarding Antibodies

Technology licensing professionals who work with antibodies need an understanding of some of the basic terms of the antibody trade that they are sure to encounter as they become involved with antibody licensing. You don't have to become an expert on antibody technology to successfully license antibodies, but some basic antibody literacy will be very helpful.

Monoclonal antibody: An antibody that is derived from a single antibody-producing cell. Monoclonal antibodies are monospecific, meaning that they recognize and bind to a single epitope on their target antigen. In the laboratory, monoclonal antibodies are made by a process in which a mouse is immunized with an antigen of interest and antibody-producing cells are isolated from the spleen of the animal and fused with cells from a myeloma cell line. The fusion process results in the formation of an immortalized antibody-producing cell

called a hybridoma that secretes the antibody into the culture media. A hybridoma can be propagated in cell culture indefinitely, thus it can serve as a limitless source of the antibody of interest.

Polyclonal antibody: A population of mixed antibodies targeted to a single antigen. Such a population may contain multiple different antibodies that bind to different epitopes on the antigen of interest. Polyclonal antibodies are produced by immunizing an animal (typically a rabbit) with the antigen of interest, followed by harvesting serum from the immunized animal. The antibody response in the animal is often enhanced by the use of an adjuvant, which is a nonspecific stimulator of the immune response. The harvested serum (antisera) will contain a population of mixed antibodies against the target antigen. The supply of a polyclonal antibody is limited by the amount of serum harvested from the immunized animal.

Western blot: A laboratory technique in which an antibody is used to detect the presence of its target protein on a solid membrane support. A protein sample isolated from cells is resolved via SDS-PAGE gel electrophoresis, and the proteins in the gel are transferred to a solid membrane. This membrane is probed with an antibody that recognizes a specific protein and is detected by the use of a secondary antibody that is linked an enzyme that acts on a substrate to produce a detectable signal (light or color). Western blotting can be used to determine the size of a protein, and its relative amount.

Immunofluorescence or immunohistochemistry: A laboratory technique that can be used to determine the tissue distribution and cellular localization of an antigen of interest. In this technique, a tissue section is probed with an antibody that recognizes the antigen of interest, and it is detected by the use of secondary antibody linked to an enzyme or fluorochrome that produces a detectable signal (light or color).

Immunoprecipitation: A laboratory technique in which the protein antigen of interest can be selectively removed from a solution (cell extract) using an antibody that binds to the antigen. This technique can be used to facilitate the concentration of a single protein of interest from a solution containing many different proteins. The precipitation step oc-

curs when a secondary reagent coupled to a solid support is added to the solution. This secondary reagent is often protein A/G agarose beads, which nonspecifically bind antibody molecules. The beads are pelleted from the solution by centrifugation, which concentrates the protein of interest. Immunoprecipitation can be used to identify other proteins that bind to the antigen of interest, since they will often co-precipitate with the target protein.

Enzyme-linked immunosorbent assay (ELISA): ELISA is a biochemical technique that can be used to detect the presence and relative quantity of an antigen in a sample. A sample containing an unknown amount of the target antigen is affixed to a solid support (most often a 96-well polystyrene plate). An antibody against the target antigen is added to the plate and allowed to bind. Excess antibody is washed away and detection is facilitated by an enzyme linked to the antibody that produces a detectable fluorescent signal when a substrate is added. The intensity of the fluorescence produced can be used to determine the relative quantity of the antigen of interest.

Understand Your Antibody

Technology licensing professionals should have a clear understanding of the antibody reagents that they are licensing and should be prepared to answer basic questions about the antibody. During your interview with the faculty member, consider asking him or her the following questions:

1. Have you published a manuscript describing the use of this antibody? Did this publication result in requests for this antibody from other investigators? Note: If such a manuscript has been published, this is often your best marketing tool, particularly if it was published in a high-impact journal. Many of the questions in this list will often be answered in the manuscript.
2. Is this antibody directed against a target protein that is of interest to only a handful of academic labs, or is it one that will have broad appeal to a wide cross-section of the research community?
3. Why is the target protein important, and how can this antibody reagent be used to address unanswered questions about the target?
4. Is this antibody a polyclonal or monoclonal? What assays can this antibody be used for?

5. How much of this antibody do you have, and can you supply an aliquot to a potential licensee?
6. What, exactly, was the immunogen used to develop the antibody?
7. What epitope on the target antigen is recognized by the antibody? Many times this has not been determined and might not be important for research purposes.
8. Did you obtain materials used in the development of this antibody from a third party? For example, did you obtain the peptide used to immunize the rabbit from another laboratory?

Antibodies as Research Tools vs. Therapeutics

The majority of antibodies produced in academic laboratories will have utility as research tools. They will be valued by other academic and/or industry scientists who want to study the target protein and its function within the cell and the organism.

Antibodies have also come into favor as therapeutic agents, particularly in the oncology field, where they can be used to bind to and suppress the function of a protein target that is involved in maintaining the growth or survival of a tumor cell. Only a very small number of antibodies produced in academic labs will have therapeutic potential, and they will not be our focus. The terms and license structure for therapeutic antibodies differ drastically from that of a research tool antibody license.

Should I Patent this Antibody?

For reasons discussed above, research tool antibodies should not be patented. Even if the antibody is wildly popular in the research community (few are), it is unlikely that the costs of patenting could ever be recovered via royalties from antibody sales. And, since the majority of research tool antibody licenses are nonexclusive or semiexclusive in nature, there is nothing to be gained by obtaining a right to exclude others from practicing your antibody or methods of using it. Therapeutic antibodies that may be used to diagnose and treat human disease are the exceptions, but these are rarities in the academic community.

Antibody License Structure

Licenses to companies that supply antibodies to the research reagent marketplace are almost always nonexclusive or semiexclusive, and their structure is typical for nonexclusive licenses with some elements that are specific to antibodies.

The subject technology definition: Under this definition, the licensor will be specifying exactly what it will be supplying to the licensee. Be sure to be clear and unambiguous. You may be supplying:

- a) Frozen vials of hybridoma cell line—in the case of a monoclonal antibody. Specify the content and quantity of vials (normally no more than two).
- b) Ascites fluid—in cases where the antibody is a monoclonal, but hybridoma cells aren't being supplied.
- c) Serum from an immunized animal in the case of a polyclonal antibody. It is important to specify the quantity of serum being supplied. Check with your faculty member to be sure that he/she can supply the requested quantity.
- d) In case of a polyclonal antibody, specify the immunogen that was used to generate the antisera. In case of a monoclonal antibody, you will most likely refer to the cell-line designation given to the hybridoma.

The licensee may take your antibody and combine it with another substance (an enzyme tag, etc.); therefore it is important that the subject technology definition encompass any derivatives that the licensee may develop.

An example subject technology definition:

The term "Subject Technology" shall mean [(i) two vials of the hybridoma cell line designated _____, or (ii) fifty milliliters (50 mls) of polyclonal sera that recognizes target protein/epitope _____ and (iii) X micrograms of plasmid for expression construct of target protein/epitope and (iv) all protocols, documents, know-how and confidential information] developed by the Developers as of the Agreement Date and supplied by University (identified in Appendix A), together with any progeny, mutants or derivatives thereof supplied by University or created by LICENSEE.

The field definition: Because you are licensing the antibody to a company that supplies reagents to the research community, the field definition should specify that the license grant is specifically for this purpose and does not allow the use of the antibody in humans for any diagnostic or therapeutic purpose.

The license grant: Will specify whether the license is nonexclusive or semiexclusive in nature. Under a semiexclusive license, the licensor agrees to license the subject technology to predetermined number of licensees, typically three. This strategy can be used to negotiate better terms from a research reagent supplier because it knows that its competition will be somewhat limited.

Marketing efforts/diligence: The licensor should seek a commitment from the licensee to introduce the licensed antibody to the market within a set period of time after execution of the license agreement. Companies that supply antibodies to the research market will run their own quality-control analysis on the licensed antibody to be certain that it performs acceptably. The licensor should stipulate that the licensed antibody be marketed to the same degree of diligence that the company uses to market its existing product line.

Payments: A typical license to a research reagent company will involve a royalty on net sales of the antibody and an upfront payment. The royalty rate can range from 10 to 25 percent and is typically higher than that seen for other university technologies because, in the case of an antibody, the licensor is supplying the licensee with the product that will be sold (granted, it will often be diluted and reformulated by the licensee). A well-characterized monoclonal antibody that is in demand by researchers in a particular field of study might command a royalty rate at the upper end of the scale, whereas polyclonal sera raised to a target protein of interest to a small segment of the research community might reside at the lower end of the scale. Because many research reagent suppliers offer hundreds of antibodies to the market and they often don't know which ones will end up being the hot sellers, they will typically resist hefty upfront payments. Our experience has shown that modest upfront payments can be obtained (\$1 to \$5,000). Semiexclusivity can be used as a tool to obtain a more favorable payment structure.

We would recommend requiring licensees to report and pay royalties on a semiannual or annual basis. Most antibody research tools generate rather modest sales, and it does not

make sense to require the licensee to report royalties on a quarterly basis. This is particularly true if your institution distributes income as it is received.

Transfer of subject technology: Under this section, the timeline for supplying the antibody to the licensee will be specified. Talk with your faculty member to be sure that this obligation can be met. If the antibody is a polyclonal antibody, there is the possibility that the faculty member may need to collect and characterize antisera from the immunized animal.

Provision of licensed products to faculty member: In many cases, licensees may be willing to provide reasonable quantities of the antibody product back to the lab of the faculty member that developed it. This is a matter of negotiation, but is worth seeking.

Antibody Template Agreement

See “Appendix B: Template Semi-Exclusive License Agreement: Antibody License to Research Reagent Supplier.”

Conclusion

A very important point worth reiterating is to make licenses for research tools simple and easy to execute. This can include having templates that are specific to the type of tool being licensed so they can be sent out promptly upon request. Having a general knowledge of what you are licensing and the mechanics of how it is transferred helps speed the process. Taking time to go back to your faculty member to answer each question a potential licensee might ask slows the process down.

Also be pragmatic, both when working with your fellow academic co-developers and with the potential licensee. View these licenses as a service to your faculty member and a means to get the technology out into the research community; they are not blockbuster technologies.

We have found that incorporating these suggestions into office practice will greatly increase your ability to get your research tools out into the greater research community. Doing this in an effective manner will enhance the profile of your TTO, your institution, and the faculty members.

Appendix A:

Template Non-Exclusive License Agreement: Mouse Model License for Internal Purposes

This Non-Exclusive License Agreement (hereinafter called “Agreement”), to be effective as of the ___ day of ___, 2008 (hereinafter called “Agreement Date”), is by and between UNIVERSITY (hereinafter called “UNIVERSITY”), a _____ nonprofit corporation having its principal place of business at _____, and _____, a corporation organized under the laws of _____ and having a principal place of business at _____, and its Affiliates (hereinafter, collectively referred to as “LICENSEE”).

WITNESSETH:

WHEREAS, UNIVERSITY is the owner of the Mouse Model, as defined below; and

WHEREAS, UNIVERSITY is willing to grant a fee-bearing, worldwide, non-exclusive license to the Mouse Model to LICENSEE on the terms set forth herein; and

WHEREAS, LICENSEE desires to obtain said non-exclusive license under the Mouse Model.

NOW, THEREFORE, for and in consideration of the promises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto expressly agree as follows:

1. DEFINITIONS AS USED HEREIN

- 1.1 The term “Affiliates” shall mean any corporation, partnership, joint venture or other entity which LICENSEE, directly or indirectly, owns or controls by LICENSEE’s ownership of at least fifty percent (50%) of the entity’s common stock or other ownership.
- 1.2 The term “Confidential Information” shall mean any proprietary and secret ideas, proprietary technical information, know-how and proprietary commercial

information or other similar proprietary information that are owned by UNIVERSITY. The term “Confidential Information” is further defined in Section 12 below.

- 1.3 The term “Developers”** shall mean _____, employees of UNIVERSITY.
- 1.4 The term “Mouse Model”** shall mean the mouse model carrying the _____ transgene which was developed by the Developers as of the Agreement Date.
- 1.5 The term “Party”** shall mean either LICENSEE or UNIVERSITY, and “Parties” shall mean LICENSEE and UNIVERSITY.

2. GRANT OF LICENSE

- 2.1 License Grant.** UNIVERSITY hereby grants to LICENSEE a non-exclusive, worldwide right and license in and to the Mouse Model, to make, have made and use solely for research, [drug discovery] and development purposes in research laboratories at LICENSEE. This grant does not include (i) the right to sell or offer to sell the Mouse Model, (ii) the right to sublicense the Mouse Model or (iii) the right to file patent applications on the Mouse Model or for the use of the Mouse Model without UNIVERSITY’s prior written approval, which approval shall be in UNIVERSITY’s sole discretion. Such right and license shall include, but not be limited to, the right to generate pure-bred progeny of the Mouse Model and the right to generate progeny of the Mouse Model bred to other strains of mice (“Cross-Bred Progeny”), provided that the pure-bred progeny and Cross-Bred Progeny are used only for research purposes and not sold to third parties. Any mice or cell lines carrying the _____ transgene will be considered a Mouse Model and subject to this Agreement, even if said mice or cell lines have been bred or otherwise modified to have other special properties.
- 2.2 Government Reservation.** Rights under this Agreement are subject to rights required to be granted to the Government of the United States of America pursuant to 35 USC Section 200-212, including a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject inventions throughout the world.

Optional:

- 2.3 Service Provider.** In addition to the rights granted in Paragraph 2.1, LICENSEE shall have the right under the license granted in this Agreement to transfer the Mouse Model to third party contract service providers (“Service Provider”) for the sole purpose of breeding and maintaining [and conducting research using] the Mouse Model for LICENSEE. LICENSEE warrants that it has (or will enter into prior to transfer of the Mouse Model) agreements with the Service Provider binding the Service Provider to obligations of confidentiality and non-use consistent with the provisions of this Agreement. Such agreement with Service Provider shall also prohibit transfer of the Mouse Model to third parties.
- 2.4 Ownership of Results.** LICENSEE shall retain exclusive ownership of all research results (“Research Results”) arising from its use of the Mouse Model under this Agreement including but not limited to, any data, know-how, technology, biological materials (except those considered a Mouse Model under Paragraph 2.1) discoveries and inventions. No express or implied license is granted to UNIVERSITY for the use of any Research Results. LICENSEE shall be free to publish, for any purpose, any Research Results and shall have no obligation to supply any Research Results to UNIVERSITY.

3. PAYMENTS AND REPORTS

- 3.1 License Execution Fee.** As partial consideration for the rights conveyed by UNIVERSITY under this Agreement, LICENSEE agrees to pay UNIVERSITY an initial, non refundable, license execution fee of _____ dollars (\$_____). Such payment shall be delivered to UNIVERSITY concurrent with the execution of this Agreement (except if the invoice language is included per Paragraph 3.10).
- 3.2 Annual Maintenance Fee.** In addition to the foregoing license execution fee, LICENSEE agrees to pay to UNIVERSITY an annual non refundable maintenance fee of _____ dollars (\$_____), which shall be due and payable on the first anniversary and on each subsequent anniversary of the Agreement Date (except if the invoice language is included per Paragraph 3.10).
- 3.3 Material Handling Fee.** In addition to the foregoing fees, LICENSEE agrees to pay to UNIVERSITY a non refundable material handling fee of _____ dollars (\$_____). Such payment shall also be delivered to UNIVERSITY upon execution of the Agreement (except if the invoice language is included per Paragraph 3.10).

- 3.4 Failure to Make Payment.** Should LICENSEE fail to make any payment whatsoever due and payable to UNIVERSITY hereunder, UNIVERSITY may, at its sole option, terminate this Agreement as provided in Section 6.
- 3.5 Payment Terms.** All payments due hereunder are payable by check or wire transfer in United States dollars and shall be deemed received when the complete payment is credited to UNIVERSITY's bank account. Until all funds are received by UNIVERSITY, the payment by LICENSEE is not considered to be complete. No transfer, exchange, collection or other charges, including any wire transfer fees, shall be deducted from such payments.
- 3.6 Late Payments.** Late payments shall be subject to a charge of one and one-half percent (1.5%) per month, the interest being compounded annually, or two hundred fifty dollars (\$250.00), whichever is greater. LICENSEE shall calculate the correct late payment charge, and shall add it to each such late payment. Said late payment charge and the payment and acceptance thereof shall not negate or waive the right of UNIVERSITY to seek any other remedy, legal or equitable, to which it may be entitled because of the delinquency of any payment. LICENSEE shall indemnify UNIVERSITY for all attorneys' fees and costs UNIVERSITY incurs in obtaining a full payment of that which is owed to UNIVERSITY.
- 3.7 Payment Address.** If payments are sent by check, they shall be sent to the address listed in Paragraph 10.1. If payments are sent by wire transfer, they shall be sent using the wiring instructions sent by UNIVERSITY.
- 3.8 Notification of Merger or Acquisition.** In the event of acquisition, merger, change of corporate name, or change of make-up, organization, or identity, LICENSEE shall notify UNIVERSITY in writing within thirty (30) days of such event.

Optional:

- 3.9 Licensee Entity Status.** If LICENSEE does not qualify as a “small entity” as provided by the United States Patent and Trademark Office, LICENSEE must notify UNIVERSITY immediately.
- 3.10 Invoice Procedures.** Any amounts payable to UNIVERSITY hereunder shall be made in full within thirty (30) days after receipt by LICENSEE of an invoice covering such payment. The Parties understand and agree that one (1) invoice will be sent to LICENSEE by UNIVERSITY for each fee due. The invoice shall be in the form in Appendix _____. Any additional fees, such as taxes, wire or transfer fees, will not be included in the invoice, but payment of such fees shall remain the responsibility of LICENSEE and shall not be deducted from the payment due UNIVERSITY. Subsequent invoices, if requested by LICENSEE, shall be subject to an administrative fee of five hundred dollars (\$500), in addition to the original payment due to UNIVERSITY plus any interest charges incurred due to delays in payment, if applicable. The calculation and payment of such interest payments shall not be invoiced and shall be the sole responsibility of the LICENSEE. Invoices shall be sent via facsimile to the address listed in Paragraph 10.1. If LICENSEE requires an original invoice, such invoice shall be sent via overnight courier using LICENSEE’s courier _____ (Name Courier) account number _____.

4. TRANSFER OF MOUSE MODELS

- 4.1 Upon receipt of the license fee described in Paragraph 3.1, UNIVERSITY shall provide LICENSEE with the following biological materials: ____ () homo/heterozygous females and ____ () homo/heterozygous males of the Mouse Model according to the following delivery schedule: Within ____ () days UNIVERSITY will ship Mouse Models to LICENSEE. UNIVERSITY will use reasonable efforts to provide the Mouse Models to LICENSEE according to the delivery schedule. However, the Parties understand and agree that there might be times when UNIVERSITY can not provide the Mouse Models exactly on schedule due to problems inherent in husbandry and transport.
- 4.2 The Mouse Models shall be sent to the address below, via UNIVERSITY’s or an approved overnight courier. LICENSEE shall be responsible for paying the ship-

ment costs, and shall arrange payment in coordination with customary animal shipment processes, using either LICENSEE's account number for such courier or credit card number as available.

Company Scientist

Company Name

Address

City, State, Zip

Phone _____

E-Mail _____

Alternate

- 4.1 Upon receipt of the license fee described in Paragraph 3.1, UNIVERSITY shall notify _____, distributor of the Mouse Model, that LICENSEE and UNIVERSITY have executed the Agreement and grant permission to _____ to ship LICENSEE's order of the Mouse Model. Shipping price and schedule are determined by _____.

5. TERM AND EXPIRATION

Unless earlier terminated as hereinafter provided, this Agreement shall extend for the life of the last to expire patent issued on the Mouse Model and shall then expire automatically, or if no patent issues on the Mouse Model, this Agreement shall continue in full force and effect for a period of ten (10) years from the Agreement Date. After such expiration, LICENSEE shall be granted a fully paid non-exclusive license to the Mouse Model.

6. TERMINATION

- 6.1 Termination by University:** Breach In the event of default or failure by LICENSEE to perform any of the terms, covenants or provisions of this Agreement, LICENSEE shall have thirty (30) days after the giving of written notice of such default by UNIVERSITY to correct such default. If such default is not corrected within the said thirty (30) day period, UNIVERSITY shall have the right,

at its option, to cancel and terminate this Agreement. The failure of UNIVERSITY to exercise such right of termination, for non-payment of fees or otherwise, shall not be deemed to be a waiver of any right UNIVERSITY might have, nor shall such failure preclude UNIVERSITY from exercising or enforcing said right upon any subsequent failure by LICENSEE.

- 6.2 Termination by University: Insolvency.** UNIVERSITY shall have the right, at its option, to cancel and terminate this Agreement in the event that LICENSEE shall (i) become involved in insolvency, dissolution, bankruptcy or receivership proceedings affecting the operation of its business or (ii) make an assignment of all or substantially all of its assets for the benefit of creditors, or in the event that (iii) a receiver or trustee is appointed for LICENSEE and LICENSEE shall, after the expiration of thirty (30) days following any of the events enumerated above, have been unable to secure a dismissal, stay or other suspension of such proceedings.
- 6.3 Termination by Licensee.** LICENSEE shall have the right to terminate this Agreement by giving written notice thereof to UNIVERSITY no later than sixty (60) days prior to any anniversary of the Agreement Date, such notice to be effective as of the impending anniversary date. Following the effective date of such termination notice, LICENSEE shall have no further obligation for payment of licensing fees hereunder. For clarification, if LICENSEE provides written notice of termination to UNIVERSITY fifty-nine (59) or fewer days prior to the anniversary of the Agreement Date, LICENSEE shall be obligated to pay the annual maintenance fee for such anniversary date per Paragraph 3.2, even though such payment would occur after the notice of termination.
- 6.4 Effects of Termination.** In the event of any termination of this Agreement, all rights to the Mouse Model shall revert to UNIVERSITY. At the date of any termination of this Agreement, LICENSEE shall immediately cease using the Mouse Model and LICENSEE shall immediately destroy the Mouse Models and send to UNIVERSITY a written affirmation of such destruction signed by an officer of LICENSEE.
- 6.5 No Refund.** In the event this Agreement is terminated pursuant to this Section 6, or expires as provided for in Section 5, UNIVERSITY is under no obligation to refund any payments made by LICENSEE to UNIVERSITY, as set forth in Section 3, prior to the effective date of such termination or expiration.

6.6 Survival of Termination. No termination of this Agreement shall constitute a termination or a waiver of any rights of either Party against the other Party accruing at or prior to the time of such termination. The obligations of Sections 3, 6, 9, 10, 11, 12 and 13 shall survive termination of this Agreement.

7. ASSIGNABILITY

This Agreement may not be assigned.

8. GOVERNMENTAL COMPLIANCE

8.1 Compliance with Applicable Laws LICENSEE shall at all times during the term of this Agreement and for so long as it shall use the Mouse Model comply with all laws, including, but not limited to, the Animal Welfare Act, that may control the import, export, manufacture, use and other commercial exploitation of the Mouse Model or any other activity undertaken pursuant to this Agreement.

8.2 Export Control Regulations. The Mouse Model is subject to, and LICENSEE agrees to comply in all respects with, U.S. law including but not limited to U.S. export controls under the Export Administration Regulations (15 C.F.R. Part 734 et seq.) and U.S. economic sanctions and embargoes codified in 31 C.F.R. Chapter V. LICENSEE agrees that LICENSEE bears sole responsibility for understanding and complying with current U.S. trade controls laws and regulations as applicable to its activities subject to this Agreement. Without limitation on the general agreement to comply set forth in the first sentence of this Paragraph 8.2, LICENSEE agrees not to sell any goods, services, or technologies subject to this Agreement, or to release or disclose or re-export the same: (i) to any destination prohibited by U.S. law, including any destination subject to U.S. economic embargo; (ii) to any end-user prohibited by U.S. law, including any person or entity listed on the U.S. government's Specially Designated Nationals list, Denied Parties List, Debarred Persons List, Unverified List, or Entities List; (iii) to any foreign national in the U.S. or abroad without prior license if required; or (iv) to any user, for any use, or to any destination without prior license if required.

9. DISPUTE RESOLUTION

Note: Insert your university's dispute resolution language as applicable.

10. ADDRESSES

10.1 University Address for Payments. All payments shall be made payable to "UNIVERSITY" and shall be sent to the address below, and shall reference the applicable reference numbers listed on the front page of the Agreement.

10.2 Licensee Address for Payments. For questions about payments, UNIVERSITY can contact LICENSEE at the address below:

Title

Name

Address

Telephone No. _____

Facsimile No. _____

E-Mail _____

10.3 Addresses for Notices. All notices, reports or other communication pursuant to this Agreement shall be sent to such Party via (i) United States Postal Service postage prepaid, (ii) overnight courier, or (iii) facsimile transmission, addressed to it at its address set forth below or as it shall designate by written notice given to the other Party. Notice shall be sufficiently made, or given and received (a) on the date of mailing or (b) when a facsimile printer reflects transmission.

In the case of UNIVERSITY:

In the case of LICENSEE:

10.4 Use of Reference Number(s). Each such report, notice or other communication shall reference the applicable reference numbers listed on the front page of the Agreement.

11. INDEMNITY & WARRANTIES

Note: Insert your university's indemnity and warranty language as applicable.

12. CONFIDENTIALITY

Note: Consider applicability of this language. If the mouse model has been published, licensee should not be subject to a duty of confidentiality.

- 12.1 Access to Confidential Information.** LICENSEE shall not, directly or indirectly, divulge or reveal to any person or entity the Confidential Information of UNIVERSITY without UNIVERSITY's prior written consent or use such Confidential Information except as permitted hereunder. LICENSEE shall maintain the Mouse Model in strictest confidence and use the same only in accordance with this Agreement. Employees, agents or subcontractors of LICENSEE shall be given access to the Confidential Information only on a legitimate "need to know" basis and after agreeing to be bound in writing to not divulge or reveal the Confidential Information. The public disclosure with the permission of UNIVERSITY of any one component of that which was identified as or constituted the Confidential Information of UNIVERSITY shall not prevent the other components from retaining their status as Confidential Information and the property of UNIVERSITY. Confidential Information shall include any and all information that is produced or results from the disclosure of Confidential Information by UNIVERSITY to LICENSEE during the course of the relationship that is the subject of this Agreement.
- 12.2 Exclusion.** Such obligation of confidentiality shall not apply to information which LICENSEE can demonstrate: (i) was at the time of disclosure in the public domain; (ii) has come into the public domain after disclosure through no fault of LICENSEE; (iii) was known to LICENSEE prior to disclosure thereof by UNIVERSITY; (iv) was lawfully disclosed to LICENSEE by a third party which was not under an obligation of confidence to UNIVERSITY with respect thereto; (v) LICENSEE was compelled to disclose by law or legal process; or (vi) was approved for public release by prior written permission of UNIVERSITY.
- 12.3 Court Order.** LICENSEE may make disclosures of Confidential Information required by a Court Order, provided LICENSEE first gives a timely opportunity to UNIVERSITY to participate in the proceeding to the extent that the proceeding permits such participation.

13. ADDITIONAL PROVISIONS

- 13.1 Use of UNIVERSITY Name.** LICENSEE agrees that it shall not use in any way the name of “UNIVERSITY College of Medicine” or any logotypes or symbols associated with UNIVERSITY or the names of any of the scientists or other researchers at UNIVERSITY without the prior written consent of UNIVERSITY.
- 13.2 UNIVERSITY’s Disclaimers.** Neither UNIVERSITY nor any of its faculty members, researchers, trustees, officers, employees, students, directors or agents assume any responsibility for the manufacture or use of the Mouse Model by LICENSEE.
- 13.3 Independent Contractors.** The Parties hereby acknowledge and agree that each is an independent contractor and that neither Party shall be considered to be the agent, representative, master or servant of the other Party for any purpose whatsoever, and that neither Party has any authority to enter into a contract, to assume any obligation or to give warranties or representations on behalf of the other Party. Nothing in this relationship shall be construed to create a relationship of joint venture, partnership, fiduciary or other similar relationship between the Parties.
- 13.4 Defense of Infringement Action.** UNIVERSITY shall not be liable for any losses incurred as the result of an action for infringement brought against LICENSEE as the result of LICENSEE’s exercise of any right granted under this Agreement. The decision to defend or not defend shall be in LICENSEE’s sole discretion.
- 13.5 Non-Waiver.** The parties covenant and agree that if a Party fails or neglects for any reason to take advantage of any of the terms provided for the termination of this Agreement or if a Party, having the right to declare this Agreement terminated, shall fail to do so, any such failure or neglect by such Party shall not be a waiver or be deemed or be construed to be a waiver of any cause for the termination of this Agreement subsequently arising, or as a waiver of any of the terms, covenants or conditions of this Agreement or of the performance thereof. None of the terms, covenants and conditions of this Agreement may be waived by a Party except by its written consent.
- 13.6 Reformation.** The Parties hereby agree that neither Party intends to violate any public policy, statutory or common law, rule, regulation, treaty or decision of any government agency or executive body thereof of any country or com-

munity or association of countries, and that if any word, sentence, paragraph or clause or combination thereof of this Agreement is found, by a court or executive body with judicial powers having jurisdiction over this Agreement or any of the Parties hereto, in a final, unappealable order to be in violation of any such provision in any country or community or association of countries, such words, sentences, paragraphs or clauses or combination shall be inoperative in such country or community or association of countries, and the remainder of this Agreement shall remain binding upon the Parties hereto. In lieu of such inoperative words, sentences, paragraphs or clauses, or combination of clauses, there will be added automatically as part of this Agreement, a valid, enforceable and operative provision as close to the original language as may be possible which preserves the economic benefits to the Parties.

- 13.7 Force Majeure.** No liability hereunder shall result to a Party by reason of delay in performance caused by force majeure, that is circumstances beyond the reasonable control of the Party, including, without limitation, acts of God, fire, flood, war, terrorism, civil unrest, labor unrest, or shortage of or inability to obtain material or equipment.
- 13.8 Entire Agreement.** The terms and conditions herein constitute the entire agreement between the Parties and shall supersede all previous agreements, either oral or written, between the Parties hereto with respect to the subject matter hereof. No agreement of understanding bearing on this Agreement shall be binding upon either Party hereto unless it shall be in writing and signed by the duly authorized officer or representative of each of the Parties and shall expressly refer to this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement in multiple originals by their duly authorized officers and representatives on the respective dates shown below, but effective as of the Agreement Date.

LICENSEE

UNIVERSITY

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Appendix B: Template Semi-Exclusive License Agreement: Antibody License to Research Reagent Supplier

This Semi-Exclusive License Agreement (hereinafter called “Agreement”), to be effective as of the ___ day of ___, 2008 (hereinafter called “Agreement Date”), is by and between UNIVERSITY (hereinafter called “UNIVERSITY”), a _____ nonprofit corporation having its principal place of business at _____, and _____, a corporation organized under the laws of _____ and having a principal place of business at _____, and its Affiliates (hereinafter, collectively referred to as “LICENSEE”).

WITNESSETH:

WHEREAS, UNIVERSITY is the owner of the Subject Technology as defined below; and

WHEREAS, UNIVERSITY is willing to grant a royalty bearing, worldwide, semi-exclusive license to the Subject Technology to LICENSEE on the terms set forth herein; and

WHEREAS, LICENSEE desires to obtain said semi-exclusive license under the Subject Technology.

NOW, THEREFORE, for and in consideration of the promises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto expressly agree as follows:

1. DEFINITIONS AND RECITALS

- 1.1 The term “Affiliates”** shall mean any corporation, partnership, joint venture or other entity which LICENSEE, directly or indirectly, owns or controls by LICENSEE’s ownership of at least fifty percent (50%) of the entity’s common stock or other ownership.

- 1.2 The term “Confidential Information”** shall mean any proprietary and secret ideas, proprietary technical information, know-how and proprietary commercial information or other similar proprietary information that are owned by UNIVERSITY. The term “Confidential Information” is further defined in Section 16 below.
- 1.3 The term “Developers”** shall mean _____, employees of UNIVERSITY.
- 1.4 The term “Field”** shall mean the market for research reagents that are not to be used for diagnostic or therapeutic purposes in humans.
- 1.5 The term “Licensed Product(s)”** shall mean all products that incorporate, utilize or are made with the use of the Subject Technology.
- 1.6 The term “Net Sales”** shall mean the gross amount of monies or cash equivalent or other consideration which is billed, invoiced or received (whichever occurs first) for sales, leases or other modes of transfer of Licensed Products by LICENSEE, less:
- (i) customary trade, quantity or cash discounts and rebates to the extent actually allowed and taken;
 - (ii) amounts repaid or credited to customers by reason of rejections or returns made within six (6) months of the first sale or transfer of the relevant Licensed Product;
 - (ii) to the extent separately stated on purchase orders, invoices or other documents of sale, taxes and/or other governmental charges (except filing fees) which are actually paid by or on behalf of LICENSEE or sublicensees for the production, sale, transportation, delivery or use of a Licensed Product; and
 - (iv) reasonable charges for delivery or transportation of Licensed Products to customers through the use of third party delivery or transportation services, if separately stated.

The term “Net Sales” in the case of non-cash sales, shall mean the fair market value of all equivalent or other consideration received by LICENSEE for the sale, lease or transfer of Licensed Products.

- 1.7 The term “Party”** shall mean either LICENSEE or UNIVERSITY, and “Parties” shall mean LICENSEE and UNIVERSITY.

Note: List specific subject technology that will be sent to licensee. Be clear and specific regarding quantities of materials to be supplied.

- 1.8 The term “Subject Technology”** shall mean [(i) the ____ hybridoma cell line, or (ii) fifty milliliters (50 mls) of polyclonal antisera raised against _____ antigen and (iii) all protocols, documents, know-how and confidential information] developed by the Developers as of the Agreement Date and supplied by UNIVERSITY (identified in Appendix C), together with any progeny, mutants or derivatives thereof supplied by UNIVERSITY or created by LICENSEE.
- 1.9 The term “Semi-Exclusive”** shall mean that UNIVERSITY has unilaterally decided that in addition to the reservation of rights or power to grant research licenses set forth in Paragraph 2.2 below, it will grant licenses under the Subject Technology to up to, but no more than, three (3) commercial entities in the Field. Such up to three (3) licenses are referred herein as being “semi-exclusive.”

2. GRANT OF LICENSE

- 2.1 License Grant.** Subject to the reservations of rights set forth in Paragraph 2.2, UNIVERSITY hereby grants to LICENSEE a semi-exclusive, worldwide, right and license under the Subject Technology to make, have made, use, market, sell, offer to sell, lease and import Licensed Products in the Field. This grant does not include the right to sublicense the Subject Technology.
- 2.2 Restriction on License.** UNIVERSITY shall at all times reserve the following rights:
- (i) UNIVERSITY’s right to make or use the Subject Technology for non-commercial research, patient care, teaching and other educationally related purposes;
 - (ii) the right of the Developers to make or use the Subject Technology for non-commercial research purposes at academic or research institutions;

- (iii) UNIVERSITY's right to grant non-exclusive licenses to the Subject Technology to other academic or research institutions for non-commercial research purposes;
- (iv) the right to make and use the Subject Technology by academic and research institutions for non-commercial research purposes;
- (v) to right to grant any non-exclusive license(s) to the Subject Technology that UNIVERSITY is required by law or regulation to grant to the United States of America or to a foreign state pursuant to an existing or future treaty with the United States of America;
- (vi) the right to grant semi-exclusive licenses to the Subject Technology to two (2) other commercial entities in the Field; and
- (vii) the right to grant licenses and other rights to the Subject Technology to commercial entities outside the Field.

2.3 Government Reservation. Rights under this Agreement are subject to rights required to be granted to the Government of the United States of America pursuant to 35 USC Section 200-212, including a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject inventions throughout the world.

3. MARKETING EFFORTS

LICENSEE shall use reasonable efforts, as defined herein, to effect assiduously the introduction of Licensed Products into the commercial market as soon as practicable. Such efforts shall include, but not be limited to:

- (i) first sale of Licensed Products within eight (8) months of the Agreement Date;
- (ii) publishing and distributing a product circular for the Subject Technology; and
- (iii) the production of the Licensed Products and the marketing and support of the Licensed Products with at least the same diligence as LICENSEE employs and to at least the same level that LICENSEE achieves for comparable products and services marketed by LICENSEE.

4. PAYMENTS

- 4.1 License Execution Fee.** As partial consideration for the rights conveyed by UNIVERSITY under this Agreement, LICENSEE shall pay UNIVERSITY a license fee of _____ (\$X,XXX). Such payment shall be delivered to UNIVERSITY concurrent with the execution of this Agreement (except if the invoice language is included per Paragraph 4.3).
- 4.2 Royalty on Net Sales.** In addition to the foregoing, LICENSEE shall pay UNIVERSITY a royalty of _____ percent (___%) of Net Sales. Collectively the royalty payments that are the subject of this Paragraph 4.2 are termed “Royalties” for purposes of this Agreement and shall be payable as provided in Section 5.
- 4.3 Failure to Make Payment.** Should LICENSEE fail to make any payment whatsoever due and payable to UNIVERSITY hereunder, UNIVERSITY may, at its sole option, terminate this Agreement as provided in Section 10.

Note: If licensee requires an invoice, use this language:

- 4.4 Invoice Procedures.** Any amounts payable to UNIVERSITY hereunder shall be made in full within thirty (30) days after receipt by LICENSEE of an invoice covering such payment. The Parties understand and agree that one (1) invoice will be sent to LICENSEE by UNIVERSITY for each fee due. The invoice shall be in the form in Appendix _____. Any additional fees, such as taxes, wire or transfer fees, will not be included in the invoice, but payment of such fees shall remain the responsibility of LICENSEE and shall not be deducted from the payment due UNIVERSITY. Subsequent invoices, if requested by LICENSEE, shall be subject to an administrative fee of five hundred dollars (\$500), in addition to the original payment due to UNIVERSITY plus any interest charges incurred due to delays in payment, if applicable. The calculation and payment of such interest payments shall not be invoiced and shall be the sole responsibility of the LICENSEE. Invoices shall be sent via facsimile to the address listed in Paragraph 14.2. If LICENSEE requires an original invoice, such invoice shall be sent via overnight courier using LICENSEE’s courier _____ (Name Courier) account number _____.

5. REPORTING

5.1 First Sale of Licensed Product. LICENSEE shall report to UNIVERSITY the date of first sale of Licensed Products within thirty (30) days of occurrence.

5.2 Royalty Report. LICENSEE shall submit to UNIVERSITY within thirty (30) days after June 30 and December 31, a written report on a form provided by UNIVERSITY (a current version of which is attached as Appendix D) setting forth for such six (6) month period at least the following information:

- (i) the number of Licensed Products sold by LICENSEE in each country;
- (ii) total billings for such Licensed Products;
- (iii) the gross amount of monies or cash equivalent or other consideration which is received for sales, leases, licenses or other modes of transfer of Licensed Products by LICENSEE;
- (iv) the identity and amount of any non-monetary consideration received for sales, leases, licenses or other modes of transfer of Licensed Products by LICENSEE;
- (v) deductions from the gross amount which LICENSEE believes is applicable to determine the Net Sales thereof; and
- (vi) the amount of Royalties due thereon, or, if no Royalties are due to UNIVERSITY for any reporting period, the statement that no Royalties are due.

The royalty report shall be certified as correct by an officer of LICENSEE. After termination or expiration of this Agreement, LICENSEE will continue to submit royalty reports and payments to UNIVERSITY until all Licensed Products made, used, marketed, leased or imported under the Agreement have been sold.

5.3 Payment to Accompany Royalty Report. LICENSEE shall pay to UNIVERSITY with each such royalty report the amount of Royalties and other payments due with respect to such six (6) month period. If multiple technologies are covered by the license granted hereunder, LICENSEE shall specify which Subject Technology is utilized for each Licensed Product included in the royalty report by citing the applicable reference number listed on the front page of the Agreement.

- 5.4 Payment Terms.** All payments due hereunder are payable by check or wire transfer in United States dollars and shall be deemed received when the complete payment is credited to UNIVERSITY's bank account. Until all funds are received by UNIVERSITY, the payment by LICENSEE is not considered to be complete. For sales of Licensed Products in currencies other than the United States, LICENSEE shall use exchange rates published in The Wall Street Journal on the last business day of the six (6) month period that such payment is due. No transfer, exchange, collection or other charges, including any wire transfer fees, shall be deducted from such payments.
- 5.5 Late Payments.** Late payments shall be subject to a charge of one and one-half percent (1.5%) per month, the interest being compounded annually, or two hundred fifty dollars (\$250.00), whichever is greater. LICENSEE shall calculate the correct late payment charge, and shall add it to each such late payment. Said late payment charge and the payment and acceptance thereof shall not negate or waive the right of UNIVERSITY to seek any other remedy, legal or equitable, to which it may be entitled because of the delinquency of any payment. LICENSEE shall indemnify UNIVERSITY for any and all attorneys' fees and costs incurred by UNIVERSITY to a full payment of that which is owed to UNIVERSITY.
- 5.6 Payment Address.** If payments are sent by check, they shall be sent to the address listed in Paragraph 14.1. If payments are sent by wire transfer, they shall be sent using the wiring instructions sent by UNIVERSITY.
- 5.7 Notification of Merger or Acquisition.** In the event of acquisition, merger, change of corporate name, or change of make-up, organization, or identity, LICENSEE shall notify UNIVERSITY in writing within thirty (30) days of such event.
- 6. TRANSFER OF SUBJECT TECHNOLOGY**
- 6.1** Upon receipt of the license fee described in Paragraph 4.1, UNIVERSITY shall, within thirty (30) days thereof, provide LICENSEE with the materials described under Paragraph 1.8, Subject Technology.

- 6.2 The Subject Technology shall be sent to the address below, via ____ overnight courier using LICENSEE's courier account number ____.

Company Scientist

Company Name

Address

City, State, Zip

Phone _____

E-Mail _____

7. USE/PROVISION OF LICENSED PRODUCTS TO CONTRIBUTORS

LICENSEE shall, throughout the Term of this Agreement as defined below, provide to the Developers reasonable quantities of Licensed Products free of charge, subject to availability of sufficient stock.

8. RECORDS AND INSPECTION

LICENSEE shall maintain or cause to be maintained a true and correct set of records pertaining to the use of the Subject Technology licensed hereunder and the information by which the Net Sales and the Royalties were calculated under this Agreement. During the Term of this Agreement as defined below and for a period of two (2) years thereafter, LICENSEE agrees to permit an accountant selected and paid by UNIVERSITY and reasonably acceptable to LICENSEE to have access during ordinary business hours to such records as are maintained by LICENSEE as may be necessary, in the opinion of such accountant, to determine the correctness of any report submitted and/or payment made under this Agreement. In the event that the audit reveals an underpayment of Royalties by more than five percent (5%) for the period being audited, the cost of the audit shall be paid by LICENSEE. If the underpayment is less than five percent (5%) but more than two percent (2%) for the period being audited, LICENSEE and UNIVERSITY shall each pay fifty percent (50%) of the cost of the audit. Such accountant shall maintain in confidence, and shall not disclose to UNIVERSITY, any information concerning LICENSEE or its operations or properties other than information directly relating to the correctness of such reports and payments.

9. TERM AND EXPIRATION

Unless earlier terminated as hereinafter provided, this Agreement shall continue in full force and effect for a period of ten (10) years from the first commercial sale of Licensed Products by LICENSEE (“Term”). After such expiration, but not termination, LICENSEE shall have a perpetual, royalty-free license in the Field to the Subject Technology.

10. TERMINATION

- 10.1 Termination by University: Breach.** In the event of default or failure by LICENSEE to perform any of the terms, covenants or provisions of this Agreement, LICENSEE shall have thirty (30) days after the giving of written notice of such default by UNIVERSITY to correct such default. If such default is not corrected within the said thirty (30) day period, UNIVERSITY shall have the right, at its option, to cancel and terminate this Agreement. The failure of UNIVERSITY to exercise such right of termination, for non-payment of Royalties/ fees or otherwise, shall not be deemed to be a waiver of any right UNIVERSITY might have, nor shall such failure preclude UNIVERSITY from exercising or enforcing said right upon any subsequent failure by LICENSEE.
- 10.2 Termination by University: Insolvency.** UNIVERSITY shall have the right, at its option, to cancel and terminate this Agreement in the event that LICENSEE shall (i) become involved in insolvency, dissolution, bankruptcy or receivership proceedings affecting the operation of its business or (ii) make an assignment of all or substantially all of its assets for the benefit of creditors, or in the event that (iii) a receiver or trustee is appointed for LICENSEE and LICENSEE shall, after the expiration of thirty (30) days following any of the events enumerated above, have been unable to secure a dismissal, stay or other suspension of such proceedings.
- 10.3 Termination by Licensee.** LICENSEE shall have the right in its sole discretion to terminate this Agreement upon sixty (60) days’ written notice to UNIVERSITY.
- 10.4 Effects of Termination.** In the event of termination of this Agreement, all rights to the Subject Technology shall revert to UNIVERSITY. At the date of any termination of this Agreement, LICENSEE shall immediately cease using any of

the Subject Technology and LICENSEE shall immediately destroy the Subject Technology and send to UNIVERSITY a written affirmation of such destruction signed by an officer of LICENSEE; provided, however, that LICENSEE may sell any Licensed Products actually in the possession of LICENSEE on the date of termination, provided that LICENSEE continues to submit royalty reports to UNIVERSITY and pays to UNIVERSITY the Royalties on all such sales in accordance with Paragraph 4.2 with respect thereto and otherwise complying with the terms of this Agreement.

10.5 No Refund. In the event this Agreement is terminated pursuant to this Section 10, or expires as provided for in Section 9, UNIVERSITY is under no obligation to refund any payments made by LICENSEE to UNIVERSITY, as set forth in Section 4, prior to the effective date of such termination or expiration.

10.6 Survival of Termination. No termination of this Agreement shall constitute a termination or a waiver of any rights of either Party against the other Party accruing at or prior to the time of such termination. The obligations of Sections 4, 5, 8, 10, 13, 14, 15, 16 and 17 shall survive termination of this Agreement.

11. ASSIGNABILITY

This Agreement may not be assigned.

12. GOVERNMENTAL COMPLIANCE

12.1 Compliance with Applicable Laws. LICENSEE shall at all times during the Term of this Agreement and for so long as it shall use the Subject Technology or sell Licensed Products comply with all laws that may control the import, export, manufacture, use, sale, marketing, distribution and other commercial exploitation of the Subject Technology, Licensed Products or any other activity undertaken pursuant to this Agreement.

12.2 Requirement for U.S. Manufacture. LICENSEE agrees that Licensed Products leased or sold in the United States shall be manufactured substantially in the United States.

Note: Check to see if federal funding was used to develop subject technology.

12.3 Export Control Regulations. The Subject Technology is subject to, and LI-

CENSEE agrees to comply in all respects with, U.S. law including but not limited to U.S. export controls under the Export Administration Regulations (15 C.F.R. Part 734 et seq.) and U.S. economic sanctions and embargoes codified in 31 C.F.R. Chapter V. LICENSEE agrees that LICENSEE bears sole responsibility for understanding and complying with current U.S. trade controls laws and regulations as applicable to its activities subject to this Agreement. Without limitation on the general agreement to comply set forth in the first sentence of this Paragraph 12.3, LICENSEE agrees not to sell any goods, services, or technologies subject to this Agreement, or to release or disclose or re-export the same: (i) to any destination prohibited by U.S. law, including any destination subject to U.S. economic embargo; (ii) to any end-user prohibited by U.S. law, including any person or entity listed on the U.S. government's Specially Designated Nationals list, Denied Parties List, Debarred Persons List, Unverified List, or Entities List; (iii) to any foreign national in the U.S. or abroad without prior license if required; or (iv) to any user, for any use, or to any destination without prior license if required.

13. DISPUTE RESOLUTION

Note: Insert your university's dispute resolution language as applicable.

14. ADDRESSES

- 4.1 University Address for Payments.** All payments shall be made payable to "UNIVERSITY" and shall be sent to the address below, and shall reference the applicable reference numbers listed on the front page of the Agreement

Licensee Address for Payments. For questions about payments, UNIVERSITY can contact LICENSEE at the address below:

Title

Name

Address

Telephone No. _____

Facsimile No. _____

E-Mail _____

14.3 Addresses for Notices. All notices, reports or other communication pursuant to this Agreement shall be sent to such Party via (i) United States Postal Service postage prepaid, (ii) overnight courier, or (iii) facsimile transmission, addressed to it at its address set forth below or as it shall designate by written notice given to the other Party. Notice shall be sufficiently made, or given and received (a) on the date of mailing or (b) when a facsimile printer reflects transmission.

In the case of UNIVERSITY:

In the case of LICENSEE:

14.4 Use of Reference Number(s). Each such report, notice or other communication shall reference the applicable reference numbers listed on the front page of the Agreement

15. INDEMNITY, INSURANCE & WARRANTIES

Note: Insert your university's indemnity insurance and warranty language as applicable.

16. CONFIDENTIALITY

Note: Consider applicability of this language. If subject technology has been published, licensee should not be subject to a duty of confidentiality.

16.1 Access to Confidential Information. LICENSEE shall not, directly or indirectly, divulge or reveal to any person or entity the Confidential Information of UNIVERSITY without UNIVERSITY's prior written consent or use such Confidential Information except as permitted hereunder. LICENSEE shall maintain the Subject Technology and Patent Rights in strictest confidence and

use the same only in accordance with this Agreement. Employees, agents or subcontractors of LICENSEE shall be given access to the Confidential Information only on a legitimate “need to know” basis and after agreeing to be bound in writing to not divulge or reveal the Confidential Information. The public disclosure with the permission of UNIVERSITY of any one component of that which was identified as or constituted the Confidential Information of UNIVERSITY shall not prevent the other components from retaining their status as Confidential Information and the property of UNIVERSITY. Confidential Information shall include any and all information that is produced or results from the disclosure of Confidential Information by UNIVERSITY to LICENSEE during the course of the relationship that is the subject of this Agreement.

16.2 Excluded Information. Such obligation of confidentiality shall not apply to information which LICENSEE can demonstrate: (i) was at the time of disclosure in the public domain; (ii) has come into the public domain after disclosure through no fault of LICENSEE; (iii) was known to LICENSEE prior to disclosure thereof by UNIVERSITY; (iv) was lawfully disclosed to LICENSEE by a third party which was not under an obligation of confidence to UNIVERSITY with respect thereto; (v) LICENSEE was compelled to disclose by law or legal process; or (vi) was approved for public release by prior written permission of UNIVERSITY.

16.3 Required Disclosure. LICENSEE may make disclosures of Confidential Information required by a Court Order, provided LICENSEE first gives a timely opportunity to UNIVERSITY to participate in the proceeding to the extent that the proceeding permits such participation.

17. ADDITIONAL PROVISIONS

17.1 Use of UNIVERSITY Name. LICENSEE agrees that it shall not use in any way the name of “UNIVERSITY College of Medicine” or any logotypes or symbols associated with UNIVERSITY or the names of any of the scientists or other researchers at UNIVERSITY without the prior written consent of UNIVERSITY, except that LICENSEE may list scientific references that state the names of the scientists and other researchers at UNIVERSITY.

- 17.2 UNIVERSITY's Disclaimers.** Neither UNIVERSITY, nor any of its faculty members, scientists, researchers, employees, students, officers, trustees or agents assume any responsibility for the manufacture, product specifications, sale or use of the Subject Technology or the Licensed Products which are manufactured by or sold by LICENSEE.
- 17.3 Independent Contractors.** The Parties hereby acknowledge and agree that each is an independent contractor and that neither Party shall be considered to be the agent, representative, master or servant of the other Party for any purpose whatsoever, and that neither Party has any authority to enter into a contract, to assume any obligation or to give warranties or representations on behalf of the other Party. Nothing in this relationship shall be construed to create a relationship of joint venture, partnership, fiduciary or other similar relationship between the Parties.
- 17.4 Defense of Infringement Action.** UNIVERSITY shall not be liable for any losses incurred as the result of an action for infringement brought against LICENSEE as the result of LICENSEE's exercise of any right granted under this Agreement. The decision to defend or not defend shall be in LICENSEE's sole discretion.
- 17.5 Non-Waiver.** The parties covenant and agree that if a Party fails or neglects for any reason to take advantage of any of the terms provided for the termination of this Agreement or if a Party, having the right to declare this Agreement terminated, shall fail to do so, any such failure or neglect by such Party shall not be a waiver or be deemed or be construed to be a waiver of any cause for the termination of this Agreement subsequently arising, or as a waiver of any of the terms, covenants or conditions of this Agreement or of the performance thereof. None of the terms, covenants and conditions of this Agreement may be waived by a Party except by its written consent.
- 17.6 Reformation.** The Parties hereby agree that neither Party intends to violate any public policy, statutory or common law, rule, regulation, treaty or decision of any government agency or executive body thereof of any country or community or association of countries, and that if any word, sentence, paragraph or clause or combination thereof of this Agreement is found, by a court or execu-

tive body with judicial powers having jurisdiction over this Agreement or any of the Parties hereto, in a final, unappealable order to be in violation of any such provision in any country or community or association of countries, such words, sentences, paragraphs or clauses or combination shall be inoperative in such country or community or association of countries, and the remainder of this Agreement shall remain binding upon the Parties hereto. In lieu of such inoperative words, sentences, paragraphs or clauses, or combination of clauses, there will be added automatically as part of this Agreement, a valid, enforceable and operative provision as close to the original language as may be possible which preserves the economic benefits to the Parties.

17.7 Force Majeure. No liability hereunder shall result to a Party by reason of delay in performance caused by force majeure, that is circumstances beyond the reasonable control of the Party, including, without limitation, acts of God, fire, flood, war, terrorism, civil unrest, labor unrest, or shortage of or inability to obtain material or equipment.

17.8 Entire Agreement. The terms and conditions herein constitute the entire agreement between the Parties and shall supersede all previous agreements, either oral or written, between the Parties hereto with respect to the subject matter hereof. No agreement of understanding bearing on this Agreement shall be binding upon either Party hereto unless it shall be in writing and signed by the duly authorized officer or representative of each of the Parties and shall expressly refer to this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement in multiple originals by their duly authorized officers and representatives on the respective dates shown below, but effective as of the Agreement Date.

LICENSEE

UNIVERSITY

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Appendix C

Subject Technology

List the technology, cell lines, biological materials, compounds, methods, documents, materials, tests, and confidential information to sent by UNIVERSITY to LICENSEE.

Appendix D

Royalty Report

REF : _____

Licensee: _____

Reporting Period: _____

Prepared By _____

Date: _____

Approved By _____

Date: _____

Please prepare a separate report for each product line. Then combine all product lines into a summary report.

Product Line Code (SKU): _____

Licensing Transgenic Mice and Other Research Tools: A Practical Guide

Michael B. Dilling and Terese L. Rakow

Country	Units Sold	Exchange Rate	Total Billings (USD)	Gross Sales (USD)	Less Deductions* (USD)	Net Sales (USD)	Royalty Rate	Royalty Amount
USA								
Canada								
Europe								
Japan								
Other								
Total								\$
Third Party Royalty Payments (USD)								\$
Net Royalty Payable (USD)								\$
Sublicensing Revenue (USD)								\$
Other Payments — Milestones, Minimum Royalties, Maintenance Fees (USD)								\$
Total Payment Due (USD)								\$

*Deduction Description: