

EXCLUSIVE LICENSE AGREEMENT

BETWEEN

LICENSEE NAME

AND

UNIVERSITY OF WASHINGTON

FOR

TECHNOLOGY DESCRIPTION

UW COMOTION AGREEMENT XXXXA

EXCLUSIVE LICENSE AGREEMENT

This exclusive patent license agreement Exclusive License Agreement (this **“Agreement”**), effective as of _____, 20__ (the **“Effective Date”**), is made and entered into between the University of Washington, a public institution of higher education and an agency of the state of Washington, (**“University”**), and _____, a _____ (**“Company”**).

BACKGROUND

- A. Certain innovations were made in the laboratory of Dr. _____ (**“Principal Investigator”**).
- B. University owns certain intellectual property rights in such innovations as listed in Exhibit A (Exclusive Patent License Schedule) to this Agreement, and University has the right to license to others certain rights to use and practice such intellectual property. University is willing to grant those rights so that University innovation may be developed for use in the public interest.
- C. Company desires that University grant it an exclusive license under such intellectual property rights, and University is willing to grant such a license, on the terms set forth in this Agreement.

AGREEMENT

The Parties agree as follows:

1. Definitions.

1.1 **“Confidential Information”** means any information or materials of a Party not generally known to the public, including any information comprised of those materials and Company’s business plans or reports. Confidential Information does not include any information that: (a) is, or becomes, part of the public domain through no fault of receiving Party; (b) is known to receiving Party prior to the disclosure by the disclosing Party, as evidenced by documentation; (c) is publicly released as authorized under this Agreement by University, its employees or agents; (d) is subsequently obtained a by a Party from a Third Party who is authorized to have such information; or (e) is independently developed by a Party without reliance on any portion of the Confidential Information received from the disclosing Party and without any breach of this Agreement as evidenced by documentation.

1.2 **“Distributor”** means a distributor, reseller or OEM to which Company or any of its Sublicensees (**“Licensed Party”**) sells a Licensed Product for resale of Licensed Product by the Distributor, and where Distributor has no other rights with respect to the Licensed Rights other than to resell or otherwise distribute Licensed Products (including but not limited to integrated or bundled with other products or services), and for which resale or distribution Company and Sublicensees receive no further consideration (including but not limited to royalties and/or commissions) beyond the price for the initial sale of Licensed Product to the Distributor.

1.3 **“Event of Force Majeure”** means an unforeseeable act that prevents or delays a Party from performing one or more of its duties under this Agreement and that is outside of the reasonable control of the Party. An Event of Force Majeure includes acts of war or of nature, insurrection and riot, and

labor strikes. An Event of Force Majeure does not include a Party's inability to obtain a Third Party's consent to any act or omission, unless a separate Event of Force Majeure caused the inability.

1.4 "Fair Market Value" means the average price at which the stock in question is publicly trading for twenty (20) days prior to the announcement of its purchase by the Sublicensee(s), or, if the stock is not publicly traded, the value of such stock as determined in good faith by the board of directors of Company or Sublicensee.

1.5 "Field of Use" means [*****].

1.6 "Licensed Copyrights" means the software, computer programs, documentation, algorithms, or other materials subject to copyright protection listed in Exhibit A1.2 (Licensed Copyrights).

1.7 "Licensed Know-How" means University knowledge or intangible work that: (a) was developed in the laboratory of Principal Investigator, (b) exists as of the Effective Date, (c) is relevant to utilizing any of the Licensed Patents or Licensed Copyrights, (d) is unpublished, (e) is not subject to patent or copyright protection, and (f) is not covered by Third Party rights that would prevent delivery to Company.

1.8 "Licensed Patents" means (a) the patents and patent applications listed in Exhibit A1.1 (Licensed Patents), all (b) non-provisional patent applications that claim priority to any provisional patent applications in (a); (c) divisionals, continuations, and claims in continuation-in-part applications, that are entitled to claim priority to, or that share a common priority claim with, any item in (a) or (b); (d) all patents issuing from items in (a), (b), or (c); (e) extensions, renewals, substitutes, re-examinations and re-issues of any of the items in (a), (b), (c), or (d); and (f) foreign counterparts of any of the items in (a), (b), (c), (d), or (e) wherever and whenever filed.

1.9 "Licensed Product" means any method, process, composition, product, service, or component part thereof that would, but for the granting of the rights set forth in this Agreement, infringe a Valid Claim contained in the Licensed Patents, or infringe the Licensed Copyrights.

1.10 "Licensed Rights" means all rights granted to Company under Section 2 (Grant of Rights) of this Agreement.

1.11 "Net Sales" means the gross amount invoiced or otherwise received by Company or Sublicensee from Distributors, customers, end users and other Third Parties for sales, leases, and other dispositions of Licensed Products, less (a) all trade, quantity, and cash discounts actually allowed, (b) all credits and allowances actually granted due to rejections, returns, recalls, rebates, charge backs, billing errors, retroactive price reductions, (c) tariffs, duties and similar governmental charges, (d) excise, sale and use taxes, and equivalent taxes to the extent not reimbursable, and (e) freight, transport, packing, handling, and insurance charges associated with transportation, but, in each case except (b), only if separately stated on the same invoice as for the sale, lease or other disposition of the Licensed Product. On sales of Licensed Products made in other than an arm's length transaction, the value of the Net Sales attributed to such transaction will be equal to the Net Sales that which would have been received in an arm's length transaction, based on sales of like quantity and quality of Licensed Products sold on or about the time of the transaction. Net Sales does not include sale, lease, disposition or other transfer of Licensed Products among or between Company and Sublicensees for the purpose of subsequent resale to a Third Party, but does include subsequent resale to such Third Party. [For avoidance of doubt, Net Sales are

calculated on sales by Company or Sublicensee to Distributor, and not on the subsequent sale by Distributor.]

1.12 “Parties” means University and Company and “Party” means either University or Company.

1.13 “Patent Expenses” means all reasonable costs (including attorneys’ and application fees) incurred by University to apply for, prosecute, enforce, and maintain Licensed Patents, including but not limited to the costs of interferences, oppositions, inter partes review and re-examinations, and patent litigation. Patent Expenses include reimbursement for in-house costs provided they are for activities that would otherwise have been performed by outside counsel at an equal or greater expense.

1.14 “Performance Milestone” means any of the milestones described in Section A2 (Performance Milestones) of attached Exhibit A (License Schedule).

1.15 “Performance Milestone Date” means the date by which a Performance Milestone is to be achieved as set forth in Section A2 “Performance Milestones” of attached Exhibit A (Exclusive License Schedule), as such date may be extended pursuant to Section 5.1(Performance Milestones) or otherwise agreed upon by the Parties.

1.16 “Permitted Sublicense” means any arm’s length agreement with a Third Party manufacturer or contract researcher/developer with whom Licensed Party contracts for manufacture or development of Licensed Products on Licensed Party’s behalf, and where such Third Party has no other rights with respect to the Licensed Rights other than to manufacture or develop on behalf of Licensed Party.

1.17 “Permitted Sublicensee” means a Third Party holding a Permitted Sublicense.

1.18 “Sales Report” means a report in substantially the form set forth in Exhibit B (Royalty Report Form).

1.19 “Sublicense” means the grant by Company or a Sublicensee to a Third Party of any license, option, first right to negotiate, or other right granted under the Licensed Rights, in whole or in part. The grant of the right to resell to a Distributor and the grant of a license or other right to use a Licensed Product to an end-user, where the end user has no other rights with respect to the Licensed Rights other than to be an end user of the Licensed Product, will not be a Sublicense and will be treated under Net Sales.

1.20 “Sublicensee” means a Third Party holding a Sublicense under the Licensed Rights.

1.21 “Sublicense Consideration” means all consideration, including but not limited to upfront fees, milestone payments, maintenance fees, non-cash consideration, and premiums over Fair Market Value of stock, but excluding royalties on Net Sales, received from each Sublicensee for the grant of a Sublicense. For avoidance of doubt, consideration paid by Sublicensees for the following shall not be deemed Sublicense Consideration: (a) documented bona fide performance of Licensed Product development work, research work, clinical studies and regulatory approvals performed by Company, pursuant to and as supported by an express agreement including a performance plan and commensurate budget.

1.22 “Territory” means [*****].

1.23 “Third Party” means an individual or entity other than University and Company.

1.24 “Valid Claim” means (a) a claim in an issued, unexpired United States or granted foreign patent included in the Licensed Patents that: (i) has not been held invalid, unpatentable, or unenforceable by a decision of a court or other governmental agency of competent jurisdiction and not subject to appeal (ii) has not been admitted to be invalid or unenforceable through reissue, inter partes review, disclaimer, or otherwise, (iii) has not been lost through an interference, reexamination, or reissue proceeding; or (b) a pending claim of a pending patent application included in the Licensed Patents.

2. LICENSE GRANT. Subject to the terms and conditions of this Agreement:

2.1 Patent License. University hereby grants to Company an exclusive (subject only to any rights of the government described in Section 2.8 (The United States Government’s Rights) and to rights of University described in Section 3 (Rights of University, Limitations) license under the Licensed Patents to make, have made on Company’s behalf, use, offer to sell, sell, offer to lease or lease, import, or otherwise offer to dispose of Licensed Products in the Territory in the Field of Use. Unless otherwise terminated under Section 9 (Termination), the term of this patent license will begin on the Effective Date and will continue until all Valid Claims expire or are held invalid or unenforceable by a court of competent jurisdiction from which no appeal can be taken, and all rights to enforce such Licensed Patents have expired.

2.2 Copyright License. University hereby grants to Company a non-exclusive license to reproduce, display, perform, distribute and create derivative works of Licensed Copyrights in the Territory in the Field of Use. Unless otherwise terminated under Section 9 (Termination), the term of this copyright license will begin on the Effective Date and will continue for the longer of 30 years or until all rights under Licensed Patents terminate, subject to any reversion rights under copyright law.

2.3 Know-How License. University hereby grants to Company a non-exclusive, worldwide license to use Licensed Know-How. Unless otherwise terminated under Section 9 (Termination), the term of this license will begin on the Effective Date and will continue until all rights under both Licensed Patents and Licensed Copyrights are terminated.

2.4 Sublicense Rights. Company has the right, exercisable during the term of this Agreement, to Sublicense its exclusively Licensed Rights under this Agreement; Company may also during the term of this Agreement sublicense its rights in non-exclusively Licensed Rights, but only for the purpose of using in conjunction with exclusively Licensed Rights. Company may not grant Sublicensees the right (to grant Sublicenses or the right) to enforce Licensed Rights. Company will remain responsible for its obligations under this Agreement. Except for Permitted Sublicensees, Company will ensure that the Sublicense agreement: (a) contains terms and conditions that require Sublicensee to comply with the terms and conditions of this Agreement applicable to Sublicensees, including a release substantially similar to that provided by Company in Section 10.1 (Company’s Release); a warranty substantially similar to that provided by Company in Section 11.1 (Authority); University disclaimers and exclusions of warranties under Sections 11.2.1 and 11.2.2 (General Disclaimers and Intellectual Property Disclaimers); and limitations of remedies and damages substantially similar to those provided by Company in Sections 12.1 (Remedy Limitation) and 12.2 (Damage Cap); (b) specifically incorporates provisions of this Agreement in the main body of the Sublicense Agreement and names University regarding obligations

pertaining to indemnification, use of names and insurance thereby binding Sublicensee to same extent and in the same manner as Company is bound in this Agreement. Company will provide University with a copy of the executed Sublicense, excluding any Permitted Sublicense agreement, within 30 days after its execution. Company will not enter into any Sublicense agreement if the terms of such agreement are inconsistent in any material respect with the material terms of this Agreement. Any Sublicense made in violation of this Section 2.4 (Sublicense Rights) will be void and will constitute an event of default that requires remedy under Section 9.2 (Termination by University).

2.6 Transfer. University will provide Company access to the Licensed Copyright materials by internet transmission (email, ftp, CD-ROM, DVD or other expeditious means) within 30 business days after the Effective Date.

2.7 Limitation of Rights. No provision of this Agreement grants to Company, by implication, estoppel or otherwise, any rights other than the rights expressly granted it in this Agreement under the Licensed Rights, including any license rights under any other University-owned technology, copyright, know-how, patent applications, or patents, or any ownership rights in the Licensed Rights.

2.8 The United States Government's Rights. Inventions covered in the Licensed Patents arose, in whole or in part, from federally supported research and the federal government of the United States of America has certain rights in and to such inventions as those rights are described in Chapter 18, Title 35 of the United States Code and accompanying regulations, including Part 401, Chapter 37 of the Code of Federal Regulation. The Parties' rights and obligations under this Agreement to any government-funded inventions, including the grant of license set forth in Subsection 2.1 (Patent License), are subject to the applicable terms of the aforementioned United States laws.

3. RIGHTS OF UNIVERSITY; LIMITATIONS

3.1 University's Rights. University reserves all rights not expressly granted to Company under this Agreement. University retains for itself an irrevocable, nonexclusive license to practice Licensed Rights for clinical purposes. University retains for itself and other not-for-profit academic research institutions, an irrevocable, nonexclusive license to practice Licensed Rights for academic research, instructional, or any other academic or non-commercial purpose. Expressly included within University's reservation of rights is to do the following in connection with academic research, instructional, or any other academic or non-commercial purposes: (a) to use the Licensed Rights in sponsored research or collaborative research with any Third Party, but not for any commercial purpose, and only to the extent that no such Third Party is granted any commercialization rights of any kind under the Licensed Rights or to commercialize Licensed Products, (b) to grant material transfer agreements to the extent that the use of such materials is restricted to academic research, teaching and or other scholarly activities, and (c) to publish any information included in the Licensed Rights or any other information that may result from University's research.

3.2 Mandatory Sublicensing. If University is solicited by a Third Party who wishes to license Licensed Patents for any field within the Field of Use that Company is not diligently pursuing (hereinafter "Third Party Field"), University shall so notify Company, and Company shall notify University in writing of the following: (1) whether Company has been engaged in Sublicensing negotiations with such Third Party, (2) the terms of such Sublicense offered by Company to such Third Party, and (3) the length of time over

such negotiations have occurred. Company shall exercise one of the following options within ninety (90) days of Company's receipt of University's notification:

3.2.1 **Company Development Plan.** Demonstrate to University's reasonable satisfaction by submission of a development plan inclusive of research and commercial milestones, such as the one presented in Exhibit C, an active research and development program for the development and commercialization of a Licensed Product in the Third Party Field; or

3.2.2 **Company Grant.** Offer to grant a Sublicense to said soliciting Third Party in the Third Party Field on commercially reasonable license terms.

3.2.3 **University Direct Grant.** If Company has not proceeded under either Subsection 3.4.1 or 3.4.2 within ninety (90) days of notification to Company by University, University may directly grant a license to such Third Party in the Third Party Field for the benefit of University exclusive of any benefit to Company.

3.3 **Reservation of Rights for Humanitarian Purposes.** Consistent with 35 U.S.C. §200 et seq., University retains the right to require Company to grant Sublicenses to responsible applicants in the Field of Use under the Licensed Patents on terms that are reasonable under the circumstances; or, if Company fails to grant a license, to grant the license itself. The exercise of these rights by University will only be in exceptional circumstances and only if University determines (a) the action is necessary to meet health or safety needs that are not reasonably satisfied by Company; or (b) the action is necessary to meet requirements for public use specified by federal regulations, and such requirements are not reasonably satisfied by Company. University will not require the granting of a sublicense, and will not grant the license itself, unless the responsible applicant has first negotiated in good faith with Company

4. APPLICATIONS AND PATENTS.

4.1 **Pre-Agreement Patent Filings and Licensed Product Sales.** Company has reviewed the Licensed Patents and as of the Effective Date is not aware of any basis to challenge or dispute the inventorship, validity, or enforceability of any of the claims made in the Licensed Patents. Company further represents that, as of the Effective Date, it has not and does not manufacture, have manufactured, use, offer to sell or sell, offer to lease or lease, import, or otherwise offer to dispose or dispose of (a) any product or good that infringes (including under the doctrine of equivalents) a claim in any Licensed Patent, or (b) any product or good that is made using a process or machine that infringes (including under the doctrine of equivalents) a claim in a Licensed Patent.

4.2 **Patent Prosecution Decisions.** University and Company will consult on the preparation, filing and prosecution of the Licensed Patents including delivering to Company all written and electronic communications to and from all patent offices and foreign counsel, and provide summaries of oral communications with patent offices. Provided Company is in compliance with Section A3.5 (Patent Expense Payment) of Exhibit A (Exclusive License Schedule), Company's directions regarding patent preparation, filing and prosecution will be followed unless detrimental to University's intellectual property rights. University and Company will consult prior to deciding in which countries to pursue patent protection and provided Company is in compliance with Section A3.5 (Patent Expense Payment),

patents will be filed in all countries Company designates. University will remain the client of record, and may at its own expense instruct patent counsel to take actions necessary to protect University's intellectual property rights, if in University's reasonable opinion, Company actions will result in a loss of rights; provided that for any such actions, if Company declines to reimburse University pursuant to Section A1.1 (Licensed Patents), those applications and resultant patents will not be subject to this Agreement. In no event will Company file a patent application where all of the inventors are under University policy obligated to assign their rights in such patent application to University. In no event shall Company file a patent application where one or more, but not all, of the inventors are under University policy obligated to assign their rights in such patent application to University without University's prior consent which shall not be unreasonably withheld or delayed.

5. COMMERCIALIZATION

5.1 Performance Milestones. Company will, directly or through its Sublicensees, use its commercially reasonable efforts, consistent with sound and reasonable business practices and judgment, to commercialize the Licensed Rights and to make and sell Licensed Products as soon as practicable and to maximize sales thereof. Unless an extension is provided due to an Event of Force Majeure during the term of this Agreement, Company shall perform, or shall cause to happen or be performed, the Performance Milestones in accordance with the Performance Milestone Dates. Upon the occurrence of an Event of Force Majeure, the Performance Milestones and Performance Milestone Dates shall be equitably adjusted to accommodate the Event of Force Majeure.

5.2 Covenants Regarding the Manufacture of Licensed Products. Company hereby covenants and agrees that the manufacture, use, sale, or transfer of Licensed Products will comply with all applicable federal and state laws, including all federal export laws and regulations. Company hereby further covenants and agrees that, to the extent required by 35 United States Code Section 204, it shall, and it shall cause each Sublicensee, to substantially manufacture in the United States of America all products embodying or produced through the use of an invention that is subject to the rights of the federal government of the United States of America.

5.3 Commercialization Reports. Throughout the term of this Agreement, and within 30 days of December 31st of each year, Company will deliver to University written reports of Company's and Sublicensees' efforts and plans to develop and commercialize the innovations covered by the Licensed Rights and to make and sell Licensed Products. Company will have no obligation to prepare commercialization reports in years where (a) Company delivers to University a written Sales Report with active sales, and (b) Company has fulfilled all Performance Milestones. In relation to each of the Performance Milestones each commercialization report will include sufficient information to demonstrate compliance of those Performance Milestones and will set out timeframes and plans for those Performance Milestones which have not yet been met. Throughout the term of this Agreement, Company shall provide the names and sufficient contact information to identify, any Permitted Sublicensees within 30 days of University's request.

6. PAYMENTS, REIMBURSEMENTS, REPORTS, AND RECORDS.

6.1 Payments. Company will deliver to University the payments specified in Section A3 (Payments) of attached Exhibit A (Exclusive License Schedule). All Payments are non-refundable. Company will make such payments by check, wire transfer, or any other mutually agreed-upon and generally accepted

method of payment. All checks to University will be made payable to "University of Washington" and will be mailed to the address specified in Section 13.9 (Notices) and will reference the University agreement number _____.

All wire or electronic fund transfers must be confirmed via email referencing the above agreement number to: ipfin@uw.edu

Wire transfers:

Bank of America, Washington

University Branch

Seattle WA, 98105-4412

Acct # 62762208, ABA # 0260-0959-3

RE: CoMotion 65-9501

(\$30.00 for wire transfer fee must be included)

Electronic Fund Transfer (ACH):

Bank of America, Washington

University Branch

Seattle WA, 98105-4412

Acct # 62762208, ABA # 125000024

RE: CoMotion 65-9501

(\$30.00 for fund transfer fee must be included)

6.2 Currency and Checks. All computations and payments made under this Agreement will be in United States dollars. The exchange rate for the currency into dollars as reported in The Wall Street Journal as the New York foreign exchange mid-range rate on the last business day of the month in which the transaction was entered into will be used for determining the dollar value of transactions conducted in non-United States dollar currencies.

6.3 Late Payments. University may charge Company a late fee for all amounts owed to University that are more than 30 days overdue. The late fee will be computed as the United States prime rate plus 2%, compounded monthly, as set forth by The Wall Street Journal (Western edition) on the date on which the payment is due, of the outstanding, unpaid balance. The payment of a late fee will not foreclose or limit University from exercising any other rights it may have as a consequence of the lateness of any payment.

6.4 Sales Reports. Within 30 days after the last day of each calendar quarter commencing the calendar quarter after the Company effects its first commercial sale of a Licensed Product and during the term of this Agreement and the Sell-Off Period, Company will deliver to University the Sales Report setting forth the number of and Net Sales amount (expressed in U. S. dollars) of all sales, leases, or other dispositions of Licensed Products, whether made by Company or a Sublicensee, during such calendar quarter. Included in each sales report will be the name of each Distributor, and the number and type of Licensed Product sold, leased, or otherwise provided to such Distributor. Company will deliver a written Sales Report to University even if Company is not required hereunder to pay to University a royalty payment during the calendar quarter. Company shall provide the names of Permitted Sublicensees within 30 days at University's request.

6.5 Books and Records. Throughout the term of this Agreement and for 5 years thereafter, Company, at its expense, will keep and maintain and shall cause each Sublicensee other than Permitted Sublicensees to keep and maintain complete and accurate records of all sales, leases, and other dispositions of Licensed Products and all other records related to this Agreement.

6.5.1 Audit Rights. Company will permit at the request of University (not to be made more than once in any given calendar year), one or more independent, certified accountants selected by University and reasonably acceptable to Company (which acceptance shall not be unreasonably withheld or delayed) ("Accountants") to have access to Company's records and books of account pertaining to calculation of Net Sales and payment of any other amounts owed under this

Agreement. Accountants' access will be during ordinary working hours to audit Company's records for any payment period ending prior to such request, the correctness of any Sales Report or payment made under this Agreement, or to obtain information as to the payments due for any period in the case of failure of Company to report or make payment under the terms of this Agreement or to verify Company's compliance with its payment obligations hereunder. Accountants will sign Company's standard non-disclosure agreement provided it is reasonable to the industry in which Company operates. Company shall cause each Sublicensee, other than Permitted Sublicensees, that manufactures, sells, leases, or otherwise disposes of Licensed Products on behalf of Company to grant University the right to inspect and audit Sublicensee's records.

6.5.2 Scope of Disclosure. Accountants will not disclose to University any information relating to the business of Company except that which is necessary to inform University of: (a) the accuracy or inaccuracy of Company's Sales Reports and payments; (b) compliance or noncompliance by Company with the terms and conditions of this Agreement; or (c) the extent of any inaccuracy or noncompliance. A copy of the Accountants' report will be provided to Company.

6.5.3 Accountant Copies. If Accountants believe there is an inaccuracy in any of Company's payments or noncompliance by Company with any terms and conditions, Accountants will have the right to make and retain copies (including photocopies) of any pertinent portions of the records and books of account.

6.5.4 Costs of Audit. If Company's royalties calculated for any calendar year quarterly period are under-reported by more than 3%, the costs of any audit and review initiated by University will be borne by Company; otherwise, University shall bear the costs of any audit initiated by University.

7. INFRINGEMENT

7.1 Notice of Third Party's Infringement. If a Party learns of substantial, credible evidence that a Third Party is infringing exclusively Licensed Rights, that Party will promptly deliver written notice of the possible infringement to the other Party, describing in detail all relevant information to which that Party has access or control suggesting infringement of the exclusively Licensed Rights.

7.2 Company's First Right to Enforce. During the term of this Agreement, Company has the first right to respond to, defend, and prosecute in its own name, and at its own expense, actions or suits relating to the exclusively Licensed Rights. University may request in writing that Company take action against known infringer. If required by law or otherwise legally necessary for such action to proceed, Company may request that University be joined as a party plaintiff and University will consider such request in good faith, such request not to be unreasonably denied, provided that (a) Company must notify University at least 10 days before Company wishes to file suit, and (b) Company will reimburse University for all reasonable legal fees and costs incurred by University in connection with such action. Company will not settle any suits or actions in any manner relating to the Licensed Rights that is detrimental to the University or to the scope or validity of Licensed Rights, without obtaining the prior written consent of University, which consent shall not be unreasonably withheld or delayed.

7.3 Distributions. Out of any Sublicense fees, royalties, damages, awards, or settlement proceeds from any settlement or judgment for infringement of Licensed Rights, Company is allowed to first recover its reasonable attorney's fees and other out-of-pocket expenses directly related to any action, suit, or settlement for infringement of the Licensed Rights. Any payment by an alleged infringer that, under the terms of the applicable settlement agreement or judgment, (a) constitutes consideration for Net Sales of infringing product (or an equivalent characterization in the nature of a product royalty) will be handled according to the payment provisions in Section A3.3 (Running Royalty Payments), and (b) constitutes consideration for the grant of a Sublicense (or an equivalent characterization) will be handled according to Section A3.7 (Sublicense Consideration). Any remaining proceeds will be distributed 75% to Company and 25% to University.

7.4 Limitation on Infringement Actions. Excluded from the rights granted herein is the right to bring an infringement action against a not-for-profit entity for infringement of the License Rights in carrying out not-for-profit research.

7.5 University Right to Institute Action. If Company fails, within 90 days of learning of an alleged infringer of exclusively Licensed Rights, to secure cessation of the infringement, institute suit against the infringer, or to provide to University satisfactory evidence that Company is engaged in bona fide negotiations for the acceptance by infringer of a Sublicense to the relevant Licensed Rights, then University may, upon written notice to Company, assume full right and responsibility to secure cessation of the infringement or institute suit against the infringer, or secure acceptance of a Sublicensee by Company from the alleged infringer in the relevant Licensed Patents. Such license shall not be subject to Company's approval. If University, in accordance with the terms and conditions of this Agreement, chooses to institute suit against an alleged infringer, University may bring such suit in its own name (or, if required by law, in its and Company's name) and at its own expense, and Company will, but at University's expense for Company's direct associated expenses, fully and promptly cooperate and assist University in connection with any such suit. All license fees, royalties, damages, awards, or settlement proceeds arising from such a University-initiated action will be solely for the account of University.

7.6 No Obligation to Institute Action. Neither Company nor University is obligated under this Agreement to institute or prosecute a suit against any alleged infringer of the Licensed Rights.

8. LICENSED RIGHTS VALIDITY

8.1 Notice and Investigation of Third Party Challenges. If any Third Party challenges the validity or enforceability of any of the Licensed Rights, the Party having such information will immediately notify the other Party.

8.2 Tender to University of Third Party Actions. In the event of Third Party legal action challenging the validity or enforceability of any of the Licensed Rights, University, at its sole discretion, shall have the right to assume and control the sole defense of the claim at University's expense. If University opts not to assume and control the sole defense of the claim within 30 days after becoming aware of challenge, Company shall have the right to assume the defense of the claim at its own expense. Company shall not settle any suits or actions in any manner relating to the Licensed Rights without obtaining the prior written consent of University.

8.3 Enforceability of Licensed Rights. Notwithstanding challenge by any Third Party, any Licensed Right will be enforceable under this Agreement until such Licensed Right is determined to be invalid.

9. TERMINATION

9.1 End of Term. This Agreement will expire, unless terminated earlier as provided in this Section 9 (Termination), without further action by the Parties, when all Licensed Rights have terminated pursuant to Section 2 (License Grant), and all obligations due to University based on the exercise of such Licensed Rights have been fulfilled.

9.2 Termination by University. If Company materially breaches or fails to perform one or more of its material duties under this Agreement, University may deliver to Company a written notice of default. University may terminate this Agreement by delivering to Company a written notice of termination if the default has not been cured in full within 60 days of the delivery to Company of the notice of default.

9.3 Events of Default. University may terminate this Agreement by delivering to Company a written notice of termination at least 10 days prior to the date of termination if Company (i) becomes insolvent; (ii) voluntarily files or has filed against it a petition under applicable bankruptcy or insolvency laws that Company fails to have released within 30 days after filing; (iii) proposes any dissolution, composition, or financial reorganization with creditors or if a receiver, trustee, custodian, or similar agent is appointed; (iv) makes a general assignment for the benefit of creditors; or (v) if Company challenges the validity of the Licensed Patents.

9.4 Termination by Company. Company may terminate this Agreement at any time by delivering to University a written notice of termination at least 60 days prior to the effective date of termination.

9.5 Effect of Termination. Upon termination of this Agreement, the Licensed Rights granted (including any and all rights granted under the Licensed Rights to Sublicensees including Permitted Sublicensees) will terminate. However, no end-user rights shall terminate as a result of termination of this Agreement. Company's obligations that have accrued prior to the effective date of termination or expiration of this Agreement (including but not limited to the obligations under Section 6 (Payments, Reimbursements, Reports, and Records) will survive termination of this Agreement. Sublicenses will terminate. Company, Sublicensees, and Distributors will destroy any existing Licensed Copyright or Licensed Know-How in their possession, and provide written notification of said destruction to University within 180 days of either the effective date of termination or the end of the Sell-Off Period if University has been notified pursuant to the preceding sentence.

9.6 Final Report to University. Within 60 days after the end of the calendar quarter following either the expiration or termination of this Agreement, Company will submit a final Sales Report to University. Any payment obligations accrued prior to such termination or expiration, including those incurred but not yet paid, will become due and payable at the same time as this final Sales Report is due to University.

9.7 Termination of Sublicenses. Upon termination of this Agreement for any reason prior to expiration, each Sublicense will terminate and Company will include a statement to that effect in each Sublicense. Company shall be liable for any costs, expenses, or damages payable to any Sublicensee arising out of the termination of a Sublicense.

10. RELEASE, INDEMNIFICATION, AND INSURANCE.

10.1 Company's Release. For itself and its employees, Company hereby releases University and its regents, employees, and agents forever from any suits, actions, claims, liabilities, demands, damages, losses, or expenses (including reasonable attorneys' and investigative expenses) relating to or arising out of (a) the manufacture, use, lease, sale, or other disposition of a Licensed Product; or (b) the assigning or sublicensing of Company's rights under this Agreement.

10.2 Indemnification. Company will indemnify, defend, and hold harmless University and its regents, employees, and agents (each, an "Indemnitee") from all Third Party suits, actions, claims, liabilities, demands, damages, losses, or expenses (including reasonable attorneys' and investigative expenses), based on University's role in developing or licensing Licensed Rights and relating to or arising out of Company's or Sublicensees' exercise of any rights with respect to Licensed Products, including, without limitation, personal injury, property damage, breach of contract and warranty and products-liability claims relating to a Licensed Product and claims brought by a Sublicensee (each, a "Claim"), provided that the Company will not have obligations to the extent resulting from the University's gross negligence or willful misconduct.

10.2.1 In the event of a Claim, the Indemnitee against whom a Claim is brought will: (a) give Company written notice of the Claim within a reasonable period of time after such Indemnitee receives notice thereof along with sufficient information for Company to identify the Claim; and (b) cooperate and provide such assistance (including, without limitation, testimony and access to documentation within the possession or control of such Indemnitee) as Company may reasonably request in connection with Company's defense, settlement and satisfaction of the Claim. Company will pay or reimburse all costs and expenses reasonably incurred by such Indemnitee to provide any such cooperation and assistance. Any settlement that would admit liability on the part of University or that would involve any relief other than the payment of monetary damages will be subject to the approval of University, such approval not to be unreasonably withheld.

10.3 Company's Insurance.

10.3.1 General Insurance Requirement. Throughout the term of this Agreement, or during such period as the Parties will agree in writing, Company will maintain, and shall cause each Sublicensee to maintain, in full force and effect commercial general liability (CGL) insurance and product liability insurance, with single claim limits consistent with industry standards. Such insurance policy will include coverage for claims that may be asserted by University against Company under Section 10.2 (Indemnification). Such insurance policy will name the Board of Regents of the University of Washington as an additional insured and will require the insurer to deliver written notice to University at the address set forth in Section 13.9 (Notices), at least 30 days prior to the termination of the policy. Company will deliver to University a copy of the certificate of insurance for such policy.

10.3.2 ¹Clinical Trial Liability Insurance. Within thirty (30) days prior to the initiation of human clinical trials with respect to Licensed Product(s), Company will provide to University certificates evidencing the existence and amount of clinical trials liability insurance. Company will issue irrevocable instructions to its insurance agent and to the issuing insurance company to notify

¹ Include if Licensed Product will be used in clinical trials

University of any discontinuance or lapse of such insurance not less than 30 days prior to the time that any such discontinuance is due to become effective. Company will provide University a copy of such instructions upon their transmittal to the insurance agent and issuing insurance company. Company will further provide University, at least annually, proof of continued coverage.]

11. WARRANTIES

11.1 Authority. Each Party represents and warrants to the other Party that it has full power and authority to execute, deliver, and perform this Agreement, and that no other proceedings by such Party are necessary to authorize the Party's execution or delivery of this Agreement.

11.2 Disclaimers.

11.2.1 General Disclaimers. University innovation has been developed as part of research conducted at University. University innovation is experimental in nature and is made available "AS IS," without obligation by University to provide accompanying services or support except as specified in this Agreement. The entire risk as to the quality and performance of University innovation is with Company. EXCEPT FOR THE EXPRESS WARRANTY SET FORTH IN SECTION 11.1 "Authority" OF THIS AGREEMENT, UNIVERSITY DISCLAIMS AND EXCLUDES ALL WARRANTIES, EXPRESS AND IMPLIED, CONCERNING EACH LICENSED RIGHT AND EACH LICENSED PRODUCT, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF NON-INFRINGEMENT AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

11.2.2 Intellectual Property Disclaimers. University expressly disclaims any warranties concerning and makes no representations: (a) that the Licensed Patent(s) will be approved or will issue; (b) concerning the validity or scope of any Licensed Right; or (c) that the practice of Licensed Rights, or the manufacture, use, sale, lease or other disposition of a Licensed Product will not infringe or violate a Third Party's patent, copyright, or other intellectual property right.

12. DAMAGES

12.1 Remedy Limitation. EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, (A) IN NO EVENT WILL UNIVERSITY BE LIABLE FOR PERSONAL INJURY OR PROPERTY DAMAGES ARISING IN CONNECTION WITH THE ACTIVITIES CONTEMPLATED IN THIS AGREEMENT AND (B) IN NO EVENT WILL EITHER PARTY BE LIABLE FOR LOST PROFITS, LOST BUSINESS OPPORTUNITY, INVENTORY LOSS, WORK STOPPAGE, LOST DATA OR ANY OTHER RELIANCE OR EXPECTANCY, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, OF ANY KIND.

12.2 Damage Cap. IN NO EVENT WILL UNIVERSITY'S TOTAL LIABILITY FOR THE BREACH OR NONPERFORMANCE OF THIS AGREEMENT EXCEED THE AMOUNT OF PAYMENTS PAID TO UNIVERSITY UNDER SECTION 6 (PAYMENTS, REIMBURSEMENTS, AND RECORDS). THIS LIMITATION WILL APPLY TO CONTRACT, TORT, AND ANY OTHER CLAIM OF WHATEVER NATURE.

13. GENERAL PROVISIONS

13.1 Amendment and Waiver. This Agreement may be amended from time to time only by a written instrument signed by the Parties. No term or provision of this Agreement will be waived, and no breach excused, unless such waiver or consent is in writing and signed by the Party claimed to have waived or consented. No waiver of a breach will be deemed to be a waiver of a different or subsequent breach.

13.2 Assignment. The rights and licenses granted by University in this Agreement are personal to Company and Company will not assign its interest or delegate its duties under this Agreement without the written consent of University; any such assignment or delegation made without written consent of University will not release Company from its obligations under this Agreement. Notwithstanding the foregoing, Company, without the prior approval of University, may assign all, but no less than all, of its rights and delegate all, but no less than all, of its duties under this Agreement to a Third Party provided that: (a) the assignment is made to such Third Party as a part of and in connection with an Acquisition, (b) Company obtains from such Third Party written agreement to honor all obligations under this Agreement accrued by Company before Acquisition and all obligations under this Agreement to accrue by such Third Party assignee after Acquisition, and (c) Company provides written notice to University of the Acquisition, together with a substitution of parties document or copy of the assignment confirming compliance with (b) above, no later than 30 days after the close of the Acquisition. Any assignment made in violation of this Section 13.2 (Assignment) is void and will constitute an act of breach that requires remedy under Section 9.2 (Termination by University). This Agreement will inure to the benefit of Company and University and their respective permitted assignees and trustees.

13.3 Confidentiality.

13.3.1 Form of Transfer. Confidential Information may be conveyed in tangible or intangible form. Disclosing Party must clearly mark its Confidential Information “confidential”. If disclosing Party communicates Confidential Information in non-written form, it will reduce such communications to writing, clearly mark it “confidential”, and provide a copy to receiving Party within 30 days of original communication at the address in Section 13.9 (Notices). Any business information delivered by Company as required under this Agreement shall be deemed marked “confidential”, whether or not such confidential marking appears.

13.3.2 No Unauthorized Disclosure of Confidential Information. Beginning on the Effective Date and continuing throughout the term of this Agreement and thereafter for a period of 5 years, receiving Party will not disclose or otherwise make known or available to any Third Party any disclosing Party Confidential Information, without the express prior written consent of disclosing Party. Notwithstanding the foregoing, receiving Party will be permitted to disclose Confidential Information of disclosing Party to (i) actual or potential investors, lenders, consultants, advisors, collaborators, Sublicensees, or development partners, which disclosure will be made under conditions of confidentiality and limited use and (ii) its attorney or agent as reasonably required. In no event will receiving Party incorporate or otherwise use disclosing Party’s Confidential Information in connection with any patent application filed by or on behalf of receiving

Party. Receiving Party will restrict the use of disclosing Party's Confidential Information to uses exclusively in accordance with the terms of this Agreement. Receiving Party will use reasonable procedures to safeguard disclosing Party's Confidential Information. In the case where Company is the receiving Party, Company's confidentiality obligations will also apply equally to Sublicensees.

13.3.3 Access to University Information. University is an agency of the state of Washington and is subject to the Washington Public Records Act, RCW 42.56 et seq., ("Act"), and no obligation assumed by University under this Agreement will be deemed to be inconsistent with University's obligations as defined under the Act and as interpreted by University in its sole discretion. If University receives a request for public records under the Act for documents containing Company Confidential Information, and if University concludes that the documents are not otherwise exempt from public disclosure, University will provide Company notice of the request before releasing such documents. Such notice will be provided in a timely manner to afford Company sufficient time to review such documents and/or seek a protective order, at Company's expense utilizing the procedures described in RCW 42.56.540. University will have no other obligation to protect Company Confidential Information from disclosure in response to a request for public records.

13.3.4 Disclosure as Required by Law. Either Party will have the right to disclose the other Party's Confidential Information as required by law or valid court order, provided that such Party will inform the Party who owns such Confidential Information prior to such disclosure, will cooperate with the owner Party's efforts to limit or avoid disclosure, and will limit the scope and recipient of disclosure to that required by such law or court order.

13.4 Consent and Approvals. Except as otherwise expressly provided in this Agreement, all consents or approvals required under the terms of this Agreement must be in writing and will not be unreasonably withheld or delayed.

13.5 Construction. The headings preceding and labeling the sections of this Agreement are for the purpose of identification only and will not in any event be employed or used for the purpose of construction or interpretation of any portion of this Agreement. As used herein and where necessary, the singular includes the plural and vice versa, and masculine, feminine, and neuter expressions are interchangeable, and the word "including" shall mean "including, without limitation."

13.6 Enforceability. If a court of competent jurisdiction adjudges a provision of this Agreement unenforceable, invalid, or void, such determination will not impair the enforceability of any of the remaining provisions hereof and the provisions will remain in full force and effect.

13.7 No Third-Party Beneficiaries. No provision of this Agreement, express or implied, confers upon any person other than the Parties to this Agreement any rights, remedies, obligations, or liabilities hereunder. No Sublicensee will have a right to enforce or seek damages under this Agreement.

13.8 Language. Unless otherwise expressly provided in this Agreement, all notices, reports, and other documents and instruments that a Party elects or is required by the terms of this Agreement to deliver to the other Party will be in English.

13.9 Notices. All notices, requests, and other communications that a Party is required or elects to deliver will be in writing and will be delivered personally, or by facsimile or electronic mail (provided such delivery is confirmed), or by a recognized overnight courier service or by United States mail, first-class, certified or registered, postage prepaid, return receipt requested, to the other Party at its address set forth below or to another address as a Party may designate by notice given under this Section 13.10 (Notices):

If to University: UW CoMotion
ATTN: Director, Innovation Development
4545 Roosevelt Way NE, Suite 400
Seattle, WA 98105
Email: license@uw.edu

If to Company: Attn:

Facsimile No.:
E-mail:

13.10 Proprietary Markings. Company will mark all material forms of Licensed Products or packaging pertaining thereto made and sold by Company in the United States with patent marking conforming to 35 U.S.C. §287(a), as amended from time to time. All Licensed Product(s) shipped to or sold in other countries will be marked in such a manner as to provide notice to potential infringers pursuant to the patent law and practice of the country of manufacture or sale. Company shall also retain in the Licensed Copyright the proprietary notices and legends as provided by University, including without restriction any and all copyright, trademark, patent notices and legends pertaining to attribution, source of developments, funding sources, and disclaimer of risk, and at the request of University shall promptly modify such proprietary notices and legends to conform to University's reasonable requirements.

13.11 Use of University's Name and Trademarks or the Names of University Faculty, Staff, or Students. No provision of this Agreement grants Company or Sublicensee any right or license to use the name or trademarks of University or the names or identities of any member of the faculty, staff, or student body of University. Notwithstanding the foregoing, Company may provide factual information regarding the existence of this Agreement

13.12 Publicity. University will have the right to report in its customary publications and presentations that University and Company have entered into a license agreement for the technology covered by the Licensed Rights and University may use Company logos in such publications and presentations provided that University does not modify Company's logos and

does not through such use imply any endorsement by Company of University. The Parties will cooperate with one another to review and respond to any press release or similar communication proposed by the other Party regarding the non-confidential subject matter of this Agreement. The specific content and timing of such press releases or similar communication is subject to mutual agreement by the Parties, which will not be unreasonably withheld. Further, University and Company will issue a joint press release regarding this Agreement, subject to both Party's review and approval of the specific content thereof, and such press release will include specific mention of the contributions of University personnel and University in developing the technology in a prominent portion of the press release. Company will provide University with appropriate quotes for such press release. University may post the press release in digital and print publications as well as on University's own website.

13.13 Relationship of Parties. In entering into, and performing their duties under, this Agreement, the Parties are acting as independent contractors and independent employers. No provision of this Agreement will create or be construed as creating a partnership, joint venture, or agency relationship between the Parties. No Party will have the authority to act for or bind the other Party in any respect.

13.14 Relationship with Principal Investigator. Company acknowledges that Principal Investigator is employed by University and has certain pre-existing obligations to University, including obligations with respect to disclosure and ownership of intellectual property and obligations arising from sponsored research agreements between University and Third Parties. Accordingly, Company agrees that to the extent that any consulting agreement between Company and Principal Investigator is inconsistent with any of Principal Investigator's obligations to University, including the reporting of all inventions developed while employed by University (regardless of where arising) and including contractual obligations arising under any sponsored research agreements between University and Third Parties, then Principal Investigator's obligations to University will prevail and to such extent any inconsistent provisions of such consulting agreement will be deemed inapplicable and unenforceable.

13.15 Security Interest. In no event will Company grant, or permit any person to assert or perfect, a security interest in the Licensed Rights; however, Company may grant or permit a security interest in the Company's rights under this Agreement.

13.16 Survival. The obligations specified in Section 6 (Payments, Reimbursements, Reports and Records) will survive termination of this Agreement provided Reports will not be required for any period in which there are no Net Sales other than the final report due under Section 9.6 (Final Report to University). The obligations and rights set forth in Section 9 (Termination); Section 10 (Release, Indemnification, and Insurance); Section 11 (Warranties); Section 12 (Damages); Section 13.3 (Confidentiality), Section 13.16 (Survival), Section 13.18 (Applicable Law) and Section 13.19 (Forum Selection) will survive the termination or expiration of this Agreement.

13.17 Collection Costs and Attorneys' Fees. If a Party fails to perform an obligation or otherwise breaches one or more of the terms of this Agreement, the other Party may recover from the non-performing breaching Party all its costs (including actual attorneys' and investigative fees) to enforce the terms of this Agreement.

13.18 Applicable Law. The internal laws of the state of Washington will govern the validity, construction, and enforceability of this Agreement, without giving effect to the conflict of laws principles thereof.

13.19 Forum Selection. Any suit, claim, or other action to enforce the terms of this Agreement will be brought exclusively in the state and federal courts of King County, Washington. Company hereby submits to the jurisdiction of that court and waives any objections it may have to that court asserting jurisdiction over Company or its assets and property.

13.20 Counterparts. This Agreement may be executed by facsimile and in identical counterparts, each of which (including signature pages) will be deemed an original, but all of which together will constitute one and the same instrument. A facsimile, scanned, or photocopied signature (and any signature duplicated in another similar manner) identical to the original will be considered an original signature.

13.21 Entire Agreement. Company has evaluated the Licensed Rights under a Confidentiality Agreement (“CDA”) with University (UW _____). This Agreement (including all attachments, exhibits, and amendments) is the final and complete understanding between the Parties concerning licensing the Licensed Rights. This Agreement supersedes any and all prior or contemporaneous negotiations, representations, and agreements, whether written or oral, concerning the Licensed Rights. However, the obligations of nonuse and nondisclosure for Confidential Information disclosed under the CDA will survive until _____. Confidential Information disclosed under this Agreement will be governed by the terms of this Agreement. This Agreement may not be modified in any manner, except by written agreement signed by an authorized representative of both Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized representatives.

University of Washington

[Company]

By:

By:

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit A

Exclusive License Schedule

A1. Licensed Rights:

A1.1 Licensed Patents:

UW Reference #	Application Serial #	Filing Date	Type	Status

A1.2 Licensed Copyrights:

A2. Performance Milestones (Section 5.1 “Performance Milestones”): Company will meet the following Performance Milestones:

	Performance Milestone
A2.1 Performance Milestone 1	Company shall have completed XXXXXX by Month Day Year
A2.2 Performance Milestone 2	Company shall have completed XXXXXX by Month Day Year
A 2.3 Performance Milestone 3	Company shall have completed XXXXXX by Month Day Year
A2.4 Performance Milestone 4	Company shall have completed XXXXXX by Month Day Year

A3. Payments (Section 6.1):

A3.1 Up-front Payment. Company shall pay to University within 14 days of the Effective Date US \$_____ as an up-front payment. This up-front payment shall be non-refundable and not creditable against future royalty obligations.

A3.2 Annual Maintenance Fee. Company will pay to University an annual, non-creditable, maintenance fee of US \$ _____ due on the anniversary of the Effective Date provided that no annual maintenance fee will be due in any year Company pays minimum annual royalties.

A3.3 Running Royalty Payments. Company will pay to University within 30 days after the last day of each calendar quarter during the term of this Agreement an amount equal to XX% of Net Sales during such quarter as a running royalty payment.

A3.4 Minimum Annual Royalties. Company as well as each of its Sublicensees will pay minimum annual royalties for the term of this Agreement to be creditable against running royalty payments for

the preceding calendar year on a non-cumulative basis and to be due in full and payable on January 31st of each year beginning on January 31st of the year following the first commercial sale and continuing during the term of this Agreement according to the following schedule:

Calendar Year	Minimum Annual Royalty
Year 1	\$XX,000
Year 2	\$XX,000
Year 3 and each year after	\$XX,000

A3.4.1 If this Agreement is terminated prior to the payment of a minimum annual royalty in any given year the amount due for that minimum annual royalty payment will be prorated on the basis of the number of full quarters that have elapsed prior to termination since the last payment of a minimum annual royalty.

A3.5 Patent Expense Payment. Company will pay, or reimburse University for paying, all Patent Expenses incurred before, on or after the Effective Date within 30 days of its receipt of University’s invoice for such Patent Expenses. University reserves the right to request advance payments for certain Patent Expenses, at University’s discretion. The amount of unreimbursed Patent Expenses invoiced to University prior to the Effective Date is approximately \$_____.

A3.6 Financial Milestones. Company will pay to University the following non-cumulative, non-creditable, and non-refundable milestone achievement payments within 30 days of achieving the corresponding milestone, whether achieved by Company or a Sublicensee:

	Milestone
\$	
\$	
\$	
\$	
\$	

A3.7 Sublicense Consideration. Within 30 days of the end of each calendar quarter during the term of this Agreement, Company will pay to University 50% of any Sublicense Consideration received by Company during such calendar quarter unless reduced by achievement of milestones by Company or its Sublicensees prior to execution of the particular Sublicense in accordance with the schedule below. A reduction of the percentage of Sublicense Consideration payable to University under this Agreement will be negotiated in good faith between the Parties where, in addition to the Sublicense of any rights granted to Company hereunder, Company or its Sublicensee also grants a Sublicensee a license under a Third Party’s intellectual property rights that are infringed by Licensed

Product(s), and only to the extent that the total aggregate consideration for such combined license is treated as Sublicense Consideration.

	Milestone Has Been Achieved at the Date of Execution of the Sublicense	Sublicense Consideration Percentage
A3.7.1 Milestone 1	<i>(Typically Performance Milestone 1)</i>	XX%
A3.7.2 Milestone 2	<i>(Typically Performance Milestone 2)</i>	XX%
A 3.7.3 Milestone 3	<i>(Typically Performance Milestone 3)</i>	XX%
A3.7.4 Milestone 4	<i>(Typically Performance Milestone 4)</i>	XX%

Royalty Report Form

[Date]

[Company Name & Address]

License Number:

Reporting Period:

Report Due Date:

This report must be submitted regardless of whether royalties are owed.
Please do not leave any column blank. State all information requested below.

Product Description	Royalty Rate	Quantity/ Net Sales	Royalty Due

Report Completed by: _____ Total Royalties Due: _____

Telephone Number: _____

If you have questions please contact: _____

Please make check payable to: University of Washington