

## Outline of General Terms for License Agreements

<u>Type of License</u>	Non-exclusive or Exclusive
<u>Territory</u>	Worldwide, US only, other?
<u>Field of Use</u>	Market niche
<u>Rights to Sublicense and manufacturing</u>	Licensees holding an exclusive license will normally have the right to sublicense with University's prior approval.
<u>Licensed Technology</u>	Invention described in United States patent, patent application or copyright number
<u>Licensed Product</u>	Any product or service that incorporates the Licensed Technology or utilizes Licensed Technology in its manufacture, use, or sale.
<u>Duration of License</u>	Example would be lifetime of the IP protection.
<u>Royalty</u>	Normally calculated as a percentage of Net Sales or Gross Profit.
<u>Upfront Licensing Fee</u>	The upfront fee demonstrates an initial investment in and a commitment to the licensed patent(s) and/or patent application(s) by the Licensee. Typically due upon execution of license. (For start-up companies, that tend to have no cash, we take an equity position in the company.)
<u>Due Diligence</u>	Typically contains a termination of license clause if a product has not been sold during a one year period. (For start-up companies there will be due diligence milestones.)
<u>Minimum Annual Royalty</u>	A negotiable fee, paid annually, designed to ensure performance on the part of the licensee. This fee is charged against Royalties after commencement of sales of Licensed Products. This minimum is often replaced by the Due Diligence clause above.
<u>Patents, PVPs, Copyrights, Trademarks, Trade Secrets, or Know-How</u>	In general, University and licensee will endeavor to reach a mutual decision with regard to patent strategy. Licensee in most cases will be requested to assume all patenting expenses, although special arrangements may be made with regard to non-exclusive licenses and limited fields of use. University will be a named assignee on all patents with University inventors.
<u>Indemnity</u>	University seeks indemnification from licensees for all claims by third parties arising from the licensed products and commercial products created there from.
<u>Non Use of</u>	The University does not allow the use of its name or marks under a license except

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<u>Name</u>	when specifically approved by the University. This non use of names is inserted by the University council. What really happens is that the licensee and the University want to use each other's names in press releases, with mutual permission of course.
<u>Warranty Disclaimer</u>	The University's warranty is limited to warranting that it has good to title to the product licensed and has the right to license. The University does not warrant anything whatsoever in regard to the product licensed. In addition, the University disclaims all liability in connection with the manufacture, use, or sale of the licensed product.
<u>Insurance</u>	The University requires licensees to carry minimum levels of insurance coverage of the type consistent with best business practices including comprehensive general liability, and where applicable, property, product liability, automobile, and professional liability, and to comply with applicable coverage requirements for workers compensation.
<u>Remedies and Applicable Law</u>	As a state entity, all University transactions must remain governed by Idaho law and the venue for all agreed upon remedies is the state court in Latah County. The University generally does not agree to binding arbitration.

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