Sample Agreement 3:
PUBLIC SECTOR PATENT LICENSE
(MEDICAL RESEARCH COUNCIL OF SOUTH AFRICA)

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Standard License Agreement
Between
The South African Medical Research Council

and

____________________________________________

For

____________________________________________

This License Agreement (the “Agreement”) is made by and between ________________________, a___________________________, duly established under the Companies Act having an address at ______________________ (“LICENSEE”) and the South African Medical Research Council, a non-profit organization having an address at Fransie van Zijl Drive, Parowvallei, Cape Town (“MRC”).

This Agreement is effective on the date of the last signature (“Effective Date”) the _____ day of _____________ 20_____.

WITNESSETH

RECITALS

WHEREAS the MRC is the sole owner of the Technology titled ______________________, which is covered by Patent Rights as defined below;

WHEREAS the MRC warrants that it possesses the right to license the Technology;

WHEREAS the MRC is desirous that the Technology be developed and utilized to the fullest possible extent to produce commercially marketable Products so that its benefits can be enjoyed by the general public;

WHEREAS LICENSEE entered into a Confidential Disclosure Agreement with the MRC, effective ______, for the purpose of evaluating the Invention;

WHEREAS LICENSEE entered into a Letter of Intent with the MRC, effective ______, for the purpose of negotiating this Agreement;

WHEREAS LICENSEE desires to acquire an exclusive (or non-exclusive) license, under the terms and conditions hereinafter set forth, in the Territory for commercial development, use, and sale of the Invention.
NOW THEREFORE, For these and other valuable considerations, the receipt of which is hereby acknowledged, the parties agree as follows:

1. **DEFINITIONS**
The terms, as defined herein, shall have the same meanings in both their singular and plural forms.

1.1 “Affiliate” shall mean any corporation or other business entity controlled by, controlling or under common control with LICENSEE. For this purpose, “control” shall mean direct or indirect beneficial ownership of at least a fifty percent (50%) of the voting stock of, or at least a fifty percent (50%) interest in the income of such corporation or other business entity, or such other relationship as in fact, constitutes actual control.

1.2 “Combination Product” means any product which is a Licensed Product and contains other products(s) or product component(s) that
   (i) does not use Invention, Technology or Patent Rights;
   (ii) the sale, use or import by itself does not contribute to the infringement of Patent Rights;
   (iii) can be sold separately by LICENSEE, its Sublicensee or an Affiliate; and
   (iv) enhances the market price of the final product(s) sold used or imported by LICENSEE, its Sublicensee, or an Affiliate.

1.3 “Field of use” means [specific field of use for the license].

1.4 “Know-How” means the ideas, methods, characterization and techniques developed by the MRC before the Effective Date, which are necessary for practicing the Patent Rights.

1.5 “Licensed Method” means any method that uses Technology or any part thereof, or is covered by Patent Rights the use of which would constitute, but for the license granted to LICENSEE under this Agreement, an infringement of any pending or issued and unexpired claim within Patent Rights.

1.6 “Licensed Product” shall mean any composition or product or part thereof which:
   (i) is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Patent Rights in the country in which any Licensed Product is made, used or sold;
   (ii) is manufactured by the Licensed Method or using a process which is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Patent Rights in the country in which any Licensed Process is used or in which such product or part thereof is used or sold.

1.7 “Net Sales” means the total of the gross invoice prices of Licensed Products sold by LICENSEE, its Sublicensee, an Affiliate, or any combination thereof, less the sum of the following actual and customary deductions where applicable and separately listed: cash, trade, or quantity discounts; sales, use, tariff, import/export duties or other excise taxes imposed on particular sales (except for value-added and income taxes imposed on the sales of Product in foreign countries); transportation or shipping charges to purchasers; or credits to LICENSEE because of rejections, allowances or returns. For purposes of calculating Net Sales, transfers to a Sublicensee or an Affiliate of Licensed Product under this Agreement for
   (i) end use (but not resale) by the Sublicensee or Affiliate shall be treated by LICENSEE at list price of LICENSEE, or
   (ii) resale by a Sublicensee or an Affiliate shall be treated as sales at the list price of the Sublicensee or Affiliate.
**Public Sector Patent License**

1.8 “Patent Costs” means all out-of-pocket expenses for the preparation, filing, prosecution, and maintenance of all South African and foreign patents included in Patent Rights. Patent Costs shall also include reasonable out-of-pocket expenses for patentability opinions, inventorship determination, preparation and prosecution of patent application, re-examination, re-issue, interference, and opposition activities related to patents or applications in Patent Rights.

1.9 “Patent Rights” shall mean all of the following MRC intellectual property:
   (i) SA Patent Application Number ______________,
   (ii) PCT Patent Application Number _____________,
   and any new claim, reissues, reexaminations, improvements or extensions, continuations, divisionals, and the foreign counterpart patents, patent applications and patents issuing therefrom relating to the product. The MRC shall be the assignee and owner of all such Patents and Patent Applications.

1.10 “Process” shall mean any process which is covered in whole or in part by an issued, unexpired claim or pending claim contained in the Patent Rights.

1.11 “Sponsor Rights” means all the applicable provisions of any license to the South African Government executed by the MRC and the overriding obligations to the Government and the overriding obligations to ……. under the sponsorship agreement with the same.

1.12 “Sublicensee” as used in this Agreement shall mean any third party to whom LICENSEE has granted a license to make, have made, use and/or sell the Product under the Patent Rights, provided said third party has agreed in writing with LICENSEE to accept the conditions and restrictions agreed to by LICENSEE in this Agreement.

1.13 “Technology” means the following MRC intellectual property:
   (i) Patent Rights, as defined in 1.8 above.
   (ii) Any and all copyrights, mask works, trademarks, service marks, trade dress, trade secrets, confidential information, proprietary information or know-how pertaining to Invention.

1.14 “Term” means the period of time beginning on the Effective Date and ending on the later of
   (i) the expiration date of the longest-lived Patent Rights; or
   (ii) the twenty-first (21st) anniversary of Effective Date.

1.15 “Territory” means ………………………. [areas in which the license is valid].

2. **GRANTS**

2.1 **License.** In consideration for payment of royalties and subject to the limitations set forth in this Agreement and Sponsor’s Rights, the MRC hereby grants to LICENSEE, and LICENSEE hereby accepts, a license under Patent Rights to make, have made, use and/or sell the Product under the Patent Rights, provided said third party has agreed in writing with LICENSEE to accept the conditions and restrictions agreed to by LICENSEE in this Agreement.

   The license granted herein is exclusive and the MRC shall not grant to third parties a further license under Patent Rights or to use Technology in the Field, within the Territory and during the Term. (Or The license granted herein is non-exclusive and the MRC may grant to third parties further licenses under Patent Rights or to use Technology in the Field, within the Territory and during the Term.)
Public Sector Patent License

The MRC grants to the LICENSEE the authority to make application for Patents, in the name of the MRC; all expenses of obtaining and maintaining said patents shall be paid by LICENSEE.

LICENSEE agrees that the Technology constitutes a trade secret. LICENSEE agrees to include a clause in any and all agreements for sale or transfer to third parties that use of Technology or Products derived therefrom shall be for non-commercial research and development purposes only.

LICENSEE agrees that if commercially useful derivatives or developments from the Technology are made by LICENSEE or sublicensees, such derivatives or developments shall belong to the MRC. The MRC shall negotiate with LICENSEE or sublicensees for appropriate compensation which will be reasonable and customary in the field of the developments.

2.2 Sublicense.

(i) The license granted in Paragraph 2.1 includes the right of LICENSEE to grant sublicenses to third parties during the Term but only for as long the license is exclusive.

(ii) With respect to sublicense granted pursuant to Paragraph 2.2(a), LICENSEE shall:

(1) not receive, or agree to receive, anything of value in lieu of cash as considerations from a third party under a sublicense granted pursuant to Paragraph 2.2(a) without the express written consent of the MRC;

(2) to the extent applicable, include all of the rights of and obligations due to the MRC (and, if applicable, the Sponsor’s Rights) and contained in this Agreement;

(3) promptly provide the MRC with a copy of each sublicense issued; and

(4) collect and guarantee payment of all payments due, directly or indirectly, to the MRC from Sublicensees and summarize and deliver all reports due, directly or indirectly, to the MRC from Sublicensees.

(iii) Upon termination of this Agreement for any reason, the MRC, at its sole discretion, shall determine whether LICENSEE shall cancel or assign to the MRC any and all sublicenses.

2.3 Reservation of Rights. The MRC reserves the right to:

(i) practice the Invention, Technology and Patent Rights for its own use

(ii) use the Invention, Technology and Patent Rights for educational and research purposes;

(iii) publish or otherwise disseminate any information about the Invention and Technology at any time;

(iv) allow other nonprofit institutions to use Invention, Technology and Patent Rights for educational and non-commercial research purposes in their facilities; and

(v) require LICENSEE to sublicense to a third party the Invention, Technology and Patent Rights in any field of no commercial interest to LICENSEE.

3. CONSIDERATIONS

3.1 Fees and Royalties. The parties hereto understand that the fees and royalties payable by LICENSEE to the MRC under this Agreement are partial considerations for the license granted herein to LICENSEE under Technology, and Patent Rights. LICENSEE shall pay the MRC:

(i) a license issue fee of ___ Rands (R_______) upon execution of this Agreement; or

(ii) a license issue fee of ___ Rands (R_______), within thirty (30) days after the Effective Date; or
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(i) in recognition of LICENSEE being a startup business and partially in lieu of cash, a license issue fee in the form of ___% [or ___ shares] of the LICENSEE’S common stock authorized in the Shareholder’s Agreement of the LICENSEE (or authorized in the Article of Incorporation of the LICENSEE) dated _______, and a copy of which is attached to this Agreement as Exhibit A; or

(ii) partially in lieu of cash, a license issue fee in the form of an option granted to the MRC to purchase for one Rand (R1.00) ___% [or ___ shares] of the LICENSEE’S common stock authorized in the Shareholder’s Agreement of the LICENSEE (or authorized in the Article of Incorporation of the LICENSEE) dated _______, and a copy of which is attached to this Agreement as Exhibit A. The option period commences on Effective Date and shall terminate _____ years thereafter. This option, in whole or in part, can be exercised by the MRC or transferred by the MRC to the inventors any time during the option period.

(iii) license maintenance fees of ___ Rand (R_______) per year and payable on the first anniversary of the Effective Date and annually thereafter on each anniversary; provided however, that LICENSEE’s obligation to pay this fee shall end on the date when LICENSEE is commercially selling a Licensed Product;

(iv) milestone payments in the amounts payable according to the following schedule or events:

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<th>Amount Date or Event</th>
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<td>1st anniversary of the Effective Date</td>
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(v) an Earned Royalty of ___ percent (___%) on Net Sales of Licensed Products by LICENSEE and/or its Affiliate(s); or

(vi) an Earned Royalty

1. of ___ percent (___%) on Net Sales of Licensed Products for diagnostic uses by LICENSEE and/or its Affiliate(s); and

2. of ___ percent (___%) on Net Sales of Licensed Products for therapeutic uses by LICENSEE and/or its Affiliate(s); provided, however, that the earned royalty due on Net Sales of Combination Product by LICENSEE and/or its Affiliate(s) shall be calculated as below:

   Earned Royalties due the MRC = A/(A+B+C . . .) x Royalty Rate on Net Sales of the Licensed Products applicable in (i) or (ii) x Net Sales of Combination Product, where: A is the separately listed sale price of the Licensed Product or Licensed Product components; and B and C . . . are the separately listed sale prices of the individual products or product components. If LICENSEE does not separately sell any of the B, C . . . products or product components used in Combination Product, the purchase price paid by LICENSEE in the procurement of said products or product components shall be used.

(vii) fifty percent (50%) of all sublicense fees received by LICENSEE from its Sublicensees that are not earned royalties;

(viii) on each and every sublicense royalty payment received by LICENSEE from its Sublicensees on sales of Licensed Product by Sublicensee, the higher of

1. fifty percent (50%) of the royalties received by LICENSEE; or

2. royalties based on the royalty rate in Paragraph 3.1(iv) as applied to Net Sales of Sublicensee;

(v) beginning the calendar year of commercial sales of the first License Product by LICENSEE, its Sublicensee, or an Affiliate and if the total earned royalties paid by LICENSEE under Paragraphs 3.1(iv) and (vi) to the MRC in any such year cumulatively amounts to less than _____ Rand (R_______) (“Minimum Annual Royalty”), LICENSEE shall pay to the MRC a Minimum Annual Royalty on or before February 28 following the last quarter of such year the difference between amount noted above and the total earned royalty paid by LICENSEE for such year under Paragraphs 3.1(iv) and (vi); provided, however, that for the
year of commercial sales of the first Licensed Product, the amount of Minimum Annual Royalty payable shall be pro-rated for the number of months remaining in that calendar year; or

(vii) beginning the calendar year of commercial sales of the first License Product by LICENSEE, its Sublicensee, or an Affiliate, LICENSEE will pay _______ Rand (R_______) ("Minimum Annual Royalty"). Such Minimum Annual Royalties will be considered as a credit toward earned royalties due for the applicable calendar year and the royalty reports shall reflect the use of such credit.

a) The provisions for Minimum Annual Royalties shall be construed as an annual minimum payment requirement and none of the Minimum Annual Royalty payments are refundable or applicable to succeeding years.

b) If the aggregate earned royalties for any given calendar year for which a minimum annual royalty is payable do not exceed the Minimum Annual Royalty, LICENSEE may pay the MRC, with its payment for the last calendar year quarter, a balancing payment in an amount equal to the difference between the minimum annual royalty and the earned royalties for that calendar year.

c) If LICENSEE does not make the balancing payment described in Section 5.3.b, the MRC shall have the option on sixty (60) days notice to LICENSEE to convert this Agreement from an Exclusive License into a non-exclusive license, in which event, LICENSEE shall not have any further Minimum Annual Royalty obligation and LICENSEE will also be granted any more favorable term or terms granted by the MRC to another licensee.

3.2 All fees and royalty payments specified in Paragraphs 3.1(i) through 3.1(vii) above shall be paid by LICENSEE pursuant to Paragraph 4.3 and shall be delivered by LICENSEE to the MRC as noted in Paragraph 10.1. Earned Royalties will be reduced by ____ % upon expiration of Patent Rights.

3.3 Patent Costs. LICENSEE shall reimburse the MRC all past (prior to the Effective Date) and future (on or after the Effective Date) Patent Costs plus a fifteen percent (15%) patent service fee within thirty (30) days following receipt by LICENSEE of an itemized invoice from the MRC. Past Patent Costs are _______ (R_______)

3.4 Due Diligence.

(a) LICENSEE shall:

(1) adhere to the following milestones: (a) 1st milestone within ____ (_) years from the Effective Date of this Agreement; (b) 2nd milestone within ____ (_) years from the Effective Date;

(2) use its best efforts to develop, manufacture, market and sell the Products in the Territory and will exert its best efforts to create a demand for the Licensed Products;

(3) maintain satisfactory standards in respect to the nature of the Product manufactured and/or sold by LICENSEE. LICENSEE, agrees that all Product manufactured and/or sold by it shall be of a quality which is appropriate to products of the type here involved. LICENSEE agrees that similar provisions shall be included by sublicenses of all tiers;

(4) annually spend not less than _______ Rand (R_______) for the development of Licensed Products during the first ____ years of this Agreement. LICENSEE may, at its sole option, fund the research of any one of the Inventors and credit the amount of such funding actually paid to the MRC against its obligation under this paragraph;

(3) annually spend not less than _______ Rand (R_______) for the development of Licensed Products during the first ____ years of this Agreement. LICENSEE recognizes the expertise of the Inventors in Invention and is committed to contract the Inventors to further develop Invention at the MRC at R____ a year for a total of ____ years. LICENSEE may credit the amount actually paid to the MRC under such contract against its obligation under this paragraph;
(4) market Licensed Products in South Africa within six (6) months of receiving regulatory approval to market such Licensed Products;
(5) reasonably fill the market demand for Licensed Products following commencement of marketing at any time during the term of this Agreement; and
(6) obtain all necessary governmental approvals for the manufacture, use and sale of Licensed Products.

(b) If LICENSEE fails to perform any of its obligations specified in Paragraphs 3.4(a)(1)-(6), then the MRC shall have the right and option upon thirty (30) days written notice to either terminate this Agreement or change LICENSEE's exclusive license to a nonexclusive license unless LICENSEE begins to diligently cure any breach and such breach is cured within thirty (30) days of receipt of the notice. This right, if exercised by the MRC, supersedes the rights granted in Article 2.

4. REPORTS, RECORDS AND PAYMENTS

4.1 Reports.
(a) Progress Reports.
(1) Beginning _____ 200_ and ending on the date of first commercial sale of a Licensed Product in South Africa, LICENSEE shall submit to the MRC semi-annual progress reports covering LICENSEE's (and Affiliate's and Sublicensee's) activities to develop and test all Licensed Products and obtain governmental approvals necessary for marketing the same. Such reports shall include a summary of work completed; summary of work in progress; current schedule of anticipated events or milestones; market plans for introduction of Licensed Products; and summary of resources (Rand value) spent in the reporting period.
(2) LICENSEE shall also report to the MRC, in its immediately subsequent progress report, the date of first commercial sale of a Licensed Product in each country.

(b) Royalty Reports. After the first commercial sale of a Licensed Product anywhere in the world, LICENSEE shall submit to the MRC quarterly royalty reports on or before each February 28, May 31, August 31 and November 30 of each year. Each royalty report shall cover LICENSEE's (and each Affiliate's and Sublicensee's) most recently completed calendar quarter and shall show:
(1) the gross sales, deductions and Net Sales during the most recently completed calendar quarter and the royalties, in Rands, payable with respect thereto;
(2) the number of each type of Licensed Product sold;
(3) sublicense fees and royalties received during the most recently completed calendar quarter in Rands, payable with respect thereto;
(4) the method used to calculate the royalties; and
(5) the exchange rates used.

If no sales of Licensed Products have been made and no sublicense revenues have been received by LICENSEE during any reporting period, LICENSEE shall so report.

4.2 Records & Audits.
(a) LICENSEE shall keep, and shall require its Affiliates and Sublicensees to keep, accurate and correct records of all Licensed Products manufactured, used, and sold, and sublicense fees received under this Agreement. Such records shall be retained by LICENSEE for at least five (5) years following a given reporting period.
Public Sector Patent License

(b) All records shall be available during normal business hours for inspection at the expense of the MRC by the MRC’s Internal Audit Department or by a Certified Public Accountant selected by the MRC and in compliance with the other terms of this Agreement for the sole purpose of verifying reports and payments. Such inspector shall not disclose to the MRC any information other than information relating to the accuracy of reports and payments made under this Agreement or other compliance issues. In the event that any such inspection shows an under reporting and underpayment in excess of five percent (5%) for any twelve (12) month period, then LICENSEE shall pay the cost of the audit as well as any additional sum that would have been payable to the MRC had the LICENSEE reported correctly, plus an interest charge at a rate of ten percent (10%) per year. Such interest shall be calculated from the date the correct payment was due to the MRC up to the date when such payment is actually made by LICENSEE. For underpayment not in excess of five percent (5%) for any twelve (12) month period, LICENSEE shall pay the difference within thirty (30) days without interest charge or inspection cost.

4.3 Payments.
(a) All fees and royalties due the MRC shall be paid in Rands and all cheques shall be made payable to the MRC. When Licensed Products are sold in currencies other than Rands, LICENSEE shall first determine the earned royalty in the currency of the country in which Licensed Products were sold and then convert the amount into equivalent Rands, using the exchange rate quoted in the Wall Street Journal, or the exchange rate fixed for such date by the appropriate South African governmental agency, on the last business day of the applicable reporting period.

(b) Royalty Payments.
(i) Royalties shall accrue when Licensed Products are invoiced, or if not invoiced, when delivered to a third party or Affiliate.
(ii) LICENSEE shall pay earned royalties quarterly on or before February 28, May 31, August 31 and November 30 of each calendar year. Each such payment shall be for earned royalties accrued within LICENSEE’s most recently completed calendar quarter.
(iii) Royalties earned on sales occurring or under sublicense granted pursuant to this Agreement in any country outside South Africa shall not be reduced by LICENSEE for any taxes, fees, or other charges imposed by the government of such country on the payment of royalty income, except that all payments made by LICENSEE in fulfillment of the MRC tax liability in any particular country may be credited against earned royalties or fees due the MRC for that country. LICENSEE shall pay all bank charges resulting from the transfer of such royalty payments.
(iv) If at any time legal restrictions prevent the prompt remittance of part or all royalties by LICENSEE with respect to any country where a Licensed Product is sold or a sublicense is granted pursuant to this Agreement, LICENSEE shall convert the amount owed to the MRC into Rands and shall pay the MRC directly from its SA sources of fund for as long as the legal restrictions apply.
(v) LICENSEE shall not collect royalties from, or cause to be paid on Licensed Products sold to the account of the SA Government or any agency thereof as provided for in the license to the SA Government.
(vi) In the event that any patent or patent claim within Patent Rights is held invalid in a final decision by a patent office from which no appeal or additional patent prosecution has been or can be taken, or by a court of competent jurisdiction and last resort and from which no appeal has or can be taken, all obligation to pay royalties based solely on that patent or claim or any claim patently indistinct therefrom shall cease as of the date of such final decision. LICENSEE shall not, however, be relieved from paying
5. PATENT MATTERS

5.1 Patent Prosecution and Maintenance.

(a) Provided that LICENSEE has reimbursed the MRC for Patent Costs pursuant to Paragraph 3.2, the MRC shall diligently prosecute and maintain the South African and, if available, foreign patents, and applications in Patent Rights using counsel of its choice. The MRC shall provide LICENSEE with copies of all relevant documentation relating to such prosecution and LICENSEE shall keep this documentation confidential. The counsel shall take instructions only from the MRC, and all patents and patent applications in Patent Rights shall be assigned solely to the MRC.

(b) The MRC shall consider amending any patent application in Patent Rights to include claims reasonably requested by LICENSEE to protect the products contemplated to be sold by LICENSEE under this Agreement at LICENSEE’S cost.

(c) LICENSEE shall apply for an extension of the term of any patent in Patent Rights if appropriate. LICENSEE shall prepare all documents for such application, and the MRC shall execute such documents and take any other additional action as LICENSEE reasonably requests in connection therewith.

d) LICENSEE may elect to terminate its reimbursement obligations with respect to any patent application or patent in Patent Rights upon three (3) months’ written notice to the MRC. The MRC shall use reasonable efforts to curtail further Patent Costs for such application or patent when such notice of termination is received from LICENSEE. The MRC, in its sole discretion and at its sole expense, may continue prosecution and maintenance of said application or patent, and LICENSEE shall then have no further license with respect thereto. Non-payment of any portion of Patent Costs with respect to any application or patent may be deemed by the MRC as an election by LICENSEE to terminate its reimbursement obligations with respect to such application or patent. The failure of LICENSEE to pay any such fee or costs within thirty (30) days of receipt of an invoice for same shall cause LICENSEE to automatically, without further action by the MRC, lose all rights in the jurisdiction for which fees or costs were due.

5.2 Patent Infringement.

(a) If LICENSEE learns of any substantial infringement of Patent Rights, LICENSEE shall so inform the MRC and provide the MRC with reasonable evidence of the infringement. Neither party shall notify a third party of the infringement of Patent Rights without the consent of the other party. Both parties shall use reasonable efforts and cooperation to terminate infringement without litigation.

(b) LICENSEE may request the MRC to take legal action against such third party for the infringement of Patent Rights. Such request shall be made in writing and shall include reasonable evidence of such infringement and damages to LICENSEE. If the infringing
activity has not abated ninety (90) days following LICENSEE’s request, the MRC shall elect to or not to commence suit on its own account. The MRC shall give notice of its election in writing to LICENSEE by the end of the one-hundredth (100th) day after receiving notice of such request from LICENSEE. LICENSEE may thereafter bring suit for patent infringement at its own expense, if and only if the MRC elects not to commence suit and the infringement occurred in a jurisdiction where LICENSEE has an exclusive license under this Agreement. If LICENSEE elects to bring suit, the MRC may join that suit at its own expense.

(c) Recoveries from actions brought pursuant to Paragraph 5.2(b) shall belong to the party bringing suit. Legal actions brought jointly by the MRC and LICENSEE and fully participated in by both shall be at the joint expense of the parties and all recoveries shall be shared jointly by them in proportion to the share of expense paid by each party.

(d) Each party shall cooperate with the other in litigation proceedings at the expense of the party bringing suit. Litigation shall be controlled by the party bringing the suit, except that the MRC may be represented by counsel of its choice in any suit brought by LICENSEE.

5.3 **Patent Marking.** LICENSEE shall mark all Licensed Products made, used or sold under the terms of this Agreement, or their containers, in accordance with the applicable patent marking laws.

6. **GOVERNMENTAL MATTERS**

6.1 **Governmental Approval or Registration.** If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, LICENSEE shall assume all legal obligations to do so. LICENSEE shall notify the MRC if it becomes aware that this Agreement is subject to a South African or foreign government reporting or approval requirement. LICENSEE shall make all necessary filings and pay all costs including fees, penalties, and all other out-of-pocket costs associated with such reporting or approval process.

6.2 **Export Control Laws.** LICENSEE shall observe all applicable South African and foreign laws with respect to the transfer of Licensed Products and related technical data to foreign countries, including, without limitation, the International Traffic in Arms Regulations and the Export Administration Regulations.

6.3 **Preference for South African Industry.** If LICENSEE sells a Licensed Product or Combination Product in SA, LICENSEE shall manufacture said product substantially in SA.

6.4 **Rights of SA Government.** If the technology was developed with funds provided by South Africa, this agreement is subject to all applicable laws, regulations, and the terms of any agreements under which funds were provided. This includes any rights of South Africa to use the Technology for governmental purposes, any limits on the place of manufacture of products using the Technology, and any obligations to make products based on the technology available within a reasonable time.

7. **TERMINATION OF THE AGREEMENT**

7.1 **Termination by the MRC.** If LICENSEE fails to perform or violates any term of this Agreement, then the MRC may give written notice of default (“Notice of Default”) to LICENSEE. If LICENSEE fails to cure the default within thirty (30) days of the Notice of Default, the MRC
may terminate this Agreement and the license granted herein by a second written notice ("Notice of Termination") to LICENSEE. If a Notice of Termination is sent to LICENSEE, this Agreement shall automatically terminate on the effective date of that notice. Termination shall not relieve LICENSEE of its obligation to pay any fees owed at the time of termination and shall not impair any accrued right of the MRC.

7.2 Termination by Licensee.
(a) LICENSEE shall have the right at any time and for any reason to terminate this Agreement upon a ninety (90) day written notice to the MRC. Said notice shall state LICENSEE's reason for terminating this Agreement.

(b) Any termination under Paragraph 7.2(a) shall not relieve LICENSEE of any obligation or liability accrued under this Agreement prior to termination or rescind any payment made to the MRC or action by LICENSEE prior to the time termination becomes effective. Termination shall not affect in any manner any rights of the MRC arising under this Agreement prior to termination.

7.3 Survival on Termination. The following Paragraphs and Articles shall survive the termination of this Agreement:
(a) Article 4 (REPORTS, RECORDS AND PAYMENTS);
(b) Paragraph 7.4 (Disposition of Licensed Products on Hand);
(c) Paragraph 8.2 (Indemnification);
(d) Article 9 (USE OF NAMES AND TRADEMARKS);
(e) Paragraph 10.2 hereof (Secrecy); and
(f) Paragraph 10.5 (Failure to Perform).

7.4 Disposition of Licensed Products on Hand. Upon termination of this Agreement, LICENSEE may dispose of all previously made or partially made Licensed Product within a period of one hundred and twenty (120) days of the effective date of such termination provided that the sale of such Licensed Product by LICENSEE, its Sublicensees, or Affiliates shall be subject to the terms of this Agreement, including but not limited to the rendering of reports and payment of royalties required under this Agreement.

8. LIMITED WARRANTY AND INDEMNIFICATION

8.1 Limited Warranty.
(a) The MRC warrants that it has the lawful right to grant this license.

(b) The license granted herein and the associated Technology are provided "AS IS WITH ALL FAULTS", AND THE ENTIRE RISK AS TO SATISFACTORY QUALITY, PERFORMANCE, ACCURACY, AND EFFORT IS WITH THE LICENSEE. THE MRC MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AND HEREBY DISCLAIMS ALL SUCH WARRANTIES, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE CONDITION, INCLUDING PURITY, OF ANY INVENTION(S), TECHNOLOGY OR PRODUCT, WHETHER TANGIBLE OR INTANGIBLE, LICENSED UNDER THIS AGREEMENT; OR OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE INVENTION, TECHNOLOGY OR PRODUCT; OR OWNERSHIP;
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OR THAT THE USE OF THE LICENSED TECHNOLOGY OR PRODUCT WILL NOT INFRINGE ANY PATENT, COPYRIGHTS, TRADEMARKS, OR OTHER RIGHTS. LICENSOR SHALL NOT BE LIABLE FOR ANY DIRECT, CONSEQUENTIAL, OR OTHER DAMAGES SUFFERED BY ANY LICENSEE OR ANY THIRD PARTIES RESULTING FROM THE USE, PRODUCTION, MANUFACTURE, SALE, LEASE, CONSUMPTION, OR ADVERTISEMENT OF THE TECHNOLOGY OR PRODUCT.

(c) In no event shall the MRC be liable for any consequential, special, exemplary, punitive or incidental damages even if it has been advised of the possibility of such damages resulting from this Agreement or the exercise of the license granted herein or the use of the Invention, Licensed Product, Licensed Method or Technology.

(d) Nothing in this Agreement shall be construed as:
   (1) a warranty or representation by the MRC as to the validity or scope of any Patent Rights;
   (2) a warranty or representation that anything made, used, sold or otherwise disposed of under any license granted in this Agreement is or shall be free from infringement of patents of third parties;
   (3) an obligation to bring or prosecute actions or suits against third parties for patent infringement except as provided in Paragraph 5.2 hereof;
   (4) conferring by implication, estoppel or otherwise any license or rights under any patents of the MRC other than Patent Rights as defined in this Agreement, regardless of whether those patents are dominant or subordinate to Patent Rights;
   (5) an obligation to furnish any know-how not provided in Patent Rights and Technology;
   or
   (6) an obligation to update Technology.

(e) LICENSEE agrees that the MRC's liability in connection with the Invention, Technology and Patent Rights, whether arising in contract, negligence, strict liability, tort or otherwise shall not exceed the lesser of (i) the amount paid by LICENSEE to the MRC for the license, or (ii) R_____.

(f) LICENSEE understands and agrees that the MRC is not engaged, and does not purport to be engaged, in LICENSEE’S business and LICENSEE assumes all responsibilities and obligations with respect to any decision LICENSEE makes or action LICENSEE may take as a result of LICENSEE’S use of the Invention, Technology and Patent Rights. The limitations of warranties, liabilities, and remedies under this Agreement are a reflection of the risks assumed by the parties in order to obtain the Invention, Technology or Patent Rights at the specified license fee. LICENSEE agrees to assume the risk for: (i) all liabilities disclaimed by the MRC contained herein, and (ii) all alleged damages in excess of the amount, if any, of the remedy provided hereunder.

8.2 Indemnification.
   (a) LICENSEE shall indemnify, hold harmless and defend the MRC, its officers, employees, and agents; the sponsors of the research that led to the Invention; and the Inventors of the patents and patent applications in Patent Rights and their employers against any and all claims, suits, losses, damage, costs, fees, and expenses resulting from or arising out of exercise of this license or any sublicense or which may be brought against LICENSOR, its Trustees, officers, faculty, employees or students as a result of or arising out of any negligent act or omission of LICENSEE, its agents, or employees, or arising out of use, production, manufacture, sale, lease, consumption or advertisement by LICENSEE or any third party of any licensed Product, Invention or Technology licensed under this Agreement. This indemnification shall include, but not be limited to, any product liability.
(b) LICENSEE, at its sole cost and expense, shall insure its activities in connection with the work under this Agreement and obtain, keep in force and maintain insurance or an equivalent program of self insurance as follows:

(1) comprehensive or commercial general liability insurance (contractual liability included) with limits of at least: (i) each occurrence, R1,000,000; (ii) products/completed operations aggregate, R5,000,000; (iii) personal and advertising injury, R1,000,000; and (iv) general aggregate (commercial form only), R5,000,000; and

(2) the coverage and limits referred to above shall not in any way limit the liability of LICENSEE.

(c) LICENSEE shall furnish the MRC with certificates of insurance showing compliance with all requirements. Such certificates shall: (i) provide for thirty (30) day advance written notice to the MRC of any modification; (ii) indicate that the MRC has been endorsed as an additional insured under the coverage referred to above; and (iii) include a provision that the coverage shall be primary and shall not participate with nor shall be excess over any valid and collectable insurance or program of self-insurance carried or maintained by the MRC.

(d) The MRC shall notify LICENSEE in writing of any claim or suit brought against the MRC in respect of which the MRC intends to invoke the provisions of this Article. LICENSEE shall keep the MRC informed on a current basis of its defense of any claims under this Article.

9. USE OF NAMES AND TRADEMARKS

9.1 Nothing contained in this Agreement confers any right to use in advertising, publicity, or other promotional activities any name, trade name, trademark, or other designation of either party hereto (including contraction, abbreviation or simulation of any of the foregoing). Unless required by law, the use by LICENSEE of the name, Medical Research Council is prohibited, without the express written consent of the MRC.

9.2 The MRC may disclose to the Inventors the terms and conditions of this Agreement upon their request. If such disclosure is made, the MRC shall request the Inventors not disclose such terms and conditions to others.

9.3 The MRC may acknowledge the existence of this Agreement and the extent of the grant in Article 2 to third parties, but the MRC shall not disclose the financial terms of this Agreement to third parties, except where the MRC is required by law to do so.

10. MISCELLANEOUS PROVISIONS

10.1 Correspondence. Any notice or payment required to be given to either party under this Agreement shall be deemed to have been properly given and effective:

(a) on the date of delivery if delivered in person, or

(b) five (5) days after mailing if mailed by first-class or certified mail, postage paid, to the respective addresses given below, or to such other address as is designated by written notice given to the other party.
Public Sector Patent License

If sent to LICENSEE:
[Name and address of licensee]
Attention: __________________

If sent to the MRC:
MRC Innovation Centre
Fransie van Zijl Drive, Parowvallei
Cape Town
Attention: Prof Bunn

10.2 Secrecy.
(a) “Confidential Information” shall mean information, including Technology, relating to the Invention and disclosed by the MRC to LICENSEE during the term of this Agreement, which if disclosed in writing shall be marked “Confidential”, or if first disclosed otherwise, shall within thirty (30) days of such disclosure be reduced to writing by the MRC and sent to LICENSEE:

(b) Licensee shall:
(1) use the Confidential Information for the sole purpose of performing under the terms of this Agreement;
(2) safeguard Confidential Information against disclosure to others with the same degree of care as it exercises with its own data of a similar nature;
(3) not disclose Confidential Information to others (except to its employees, agents or consultants who are bound to LICENSEE by a like obligation of confidentiality) without the express written permission of the MRC, except that LICENSEE shall not be prevented from using or disclosing any of the Confidential Information that:
   (i) LICENSEE can demonstrate by written records was previously known to it;
   (ii) is now, or becomes in the future, public knowledge other than through acts or omissions of LICENSEE; or
   (iii) is lawfully obtained by LICENSEE from sources independent of the MRC; and

(c) The secrecy obligations of LICENSEE with respect to Confidential Information shall continue for a period ending five (5) years from the termination date of this Agreement.

10.3 Assignability. This Agreement may be assigned by the MRC. This Agreement may not be assigned by LICENSEE except in connection with the sale or other transfer of LICENSEE’s entire business or that part of LICENSEE’s business to which the license granted hereby relates. LICENSEE shall give the MRC thirty (30) days’ prior notice of such assignment or transfer. Any other assignment of this License Agreement without the prior written consent of the MRC shall be void. Such written consent shall not be unreasonably withheld or delayed.

10.4 No Waiver. No waiver by either party of any breach or default of any covenant or agreement set forth in this Agreement shall be deemed a waiver as to any subsequent and/or similar breach or default.

10.5 Failure to Perform. In the event of a failure of performance due under this Agreement and if it becomes necessary for either party to undertake legal action against the other on account thereof, then the prevailing party shall be entitled to reasonable attorney’s fees in addition to costs and necessary disbursements.
10.6 **Governing Laws.** THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE REPUBLIC OF SOUTH AFRICA, but the scope and validity of any patent or patent application shall be governed by the applicable laws of the country of the patent or patent application. Any action in connection with this Agreement shall be commenced and maintained only in the South African Court and LICENSEE consent to personal jurisdiction and venue in any such court.

10.7 **Force Majeure.** A party to this Agreement may be excused from any performance required herein if such performance is rendered impossible or unfeasible due to any catastrophe or other major event beyond its reasonable control, including, without limitation, war, riot, and insurrection; laws, proclamations, edicts, ordinances, or regulations; strikes, lockouts, or other serious labor disputes; and floods, fires, explosions, or other natural disasters. When such events have abated, the non-performing party’s obligations herein shall resume.

10.8 **Headings.** The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

10.9 **Entire Agreement.** This Agreement embodies the entire understanding of the parties and supersedes all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter hereof.

10.10 **Amendments.** No amendment or modification of this Agreement shall be valid or binding on the parties unless made in writing and signed on behalf of each party.

10.11 **Severability.** In the event that any of the provisions contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provisions had never been contained in it.

10.12 **Time Limitation on Initiation of actions.** No action, regardless of form, arising out of the subject matter of this Agreement may be brought by LICENSEE more than one (1) year after the cause of action has arisen.

IN WITNESS WHEREOF, both the MRC and LICENSEE have executed this Agreement, in duplicate originals, by their respective and duly authorized officers on the day and year written.

[LICENSEE]:

By: ____________________________ (Signature)

Name: ____________________________

Title: ____________________________

Date: ____________________________

THE MRC:

By: ____________________________ (Signature)

Name: ____________________________

Title: ____________________________

Date: ____________________________