

University of Waterloo - Outline of Exclusive Licensing Terms

- **Licensed Technology**
Patent application or issued patent or software and associated know-how
- **Term**
Five (5) years with right to re-new based on hitting Market Performance Targets (below)
- **Territory**
Dependent on countries selected for patenting and matched with Licensee's countries of interest
- **Field of Use**
Field of use is typically limited to the Licensee's current line of business and their capacity to serve all the market applications desired.
- **Sub-License**
No right to sub-license without prior written consent of UW.
- **Marketing**
Licensee is expected to provide some details on marketing capabilities and the specific plan for generating sales of the licensed property. ***[Should include talking points such as: preparation of case-study materials for technical marketing, attendance at relevant trade shows, use of other media for advertising (print/web, etc), description of sales staff numbers and geography covered, description of any existing or planned distribution relationships]***
- **Due Diligence and Market Performance Targets:**
There is an expectation that a minimum number of sales are achieved in each year over the selected Term of the license agreement. Please specify minimum sales proposed to be achieved "

<u>Year 1</u>	No sales target
<u>Year 2</u>	Achieving Sales equal to X Products or X Sales
<u>Year 3</u>	Achieving Sales equal to X Products or X Sales
<u>Year 4</u>	Achieving Sales equal to X Products or X Sales
<u>Year 5</u> <u>(and Subsequent Renewal Years)</u>	Achieving Sales equal to X Products or X Sales
- **Annual License Fee**
An Annual Licensing Fee in respect of the exclusive rights granted to the licensee shall be due and payable in Canadian funds at the beginning of each year over the Term of the Agreement. The Annual Licensing Fee shall escalate over the first 5 years and then remain constant over the renewal period years.

Year 1	\$A
Year 2	\$B
Year 3	\$C
Year 4	\$D
Year 5 and Renewal Years	\$E

➤ **Royalty**

In addition to the Annual Licensing Fee set out above, a royalty of X% of the gross selling price of the Licensed Technology sold in the Territory shall be paid. *(determined based on market research as to what is typical in particular industry for competitive products)*

➤ **Improvements and Enhancements**

In the event the Licensee develops any “improvements or enhancements” to the Licensed Technology, whereby the practical application and use of said “improvements or enhancements” would infringe upon a patent claim associated with the Licensed Technology, such “improvements and enhancements” shall be owned by the University of Waterloo. The University, acting reasonably, agrees to grant the Licensee an exclusive, royalty bearing or royalty-free right, depending on the circumstances and nature of the “improvement and enhancement”, to use such Improvements or Enhancements for the duration of the Agreement.

➤ **Restrictions\Exceptions:**

1. Licensee agrees not to independently pursue the development of any directly competitive product to the Licensed Technology.
2. The University always retains a right to use the Licensed Technology for teaching and/or research purposes.

➤ **Payment and Reporting**

The Licensee agrees to pay Annual License Fee to the University at the beginning of each year over the Term of the agreement. The Licensee further agrees to pay the University on the last calendar day of each quarter over the Term of the Agreement, all royalties due or collected by the Licensee. With each payment, the Licensee shall provide a detailed sales report that includes a listing of each individual product, and if applicable product accessory, and the respective cumulative number of units sold, cumulative sales in Canadian dollars, the royalty payable in Canadian dollars for the payment period.

➤ **Patent Costs**

As an exclusive licensee, the licensee agrees to pay all sunk patent costs at the time of signing the agreement and thereafter to pay all patent maintenance costs over the Term of the Agreement.

➤ **Infringement Costs**

The Licensee shall be expected to assume all obligation and cost to identify and abate infringement of the patents claiming the Technology. If the Licensee opts not to pursue abatement of a material and substantiated infringement of the Licensed Technology, the University at its discretion may terminate the license agreement or may re-define the field-of-use or convert to a non-exclusive Agreement for the balance of the Term.

➤ **Warranty, Liability, and Indemnification**

The University makes no representations and extends no warranties of any kind, either express or implied. In particular, the University makes no representation or warranty that specific results will be obtained from use of the Licensed Technology or that it is suitable for any purpose; or that the Licensed Technology may be used without infringing on the rights of third parties. The University shall not be liable to Licensee, or its agents, representatives or sub-licensees in respect of any injury or death of any person or damage to property or any other direct, indirect, special or consequential damages, costs or expenses suffered or incurred by the Licensee or any other party or claims, actions, demands or proceedings of any kind arising out Licensee's use of the Licensed Technology. The Licensee shall indemnify, defend and hold harmless the University, its employees and representatives related to the object of the license agreement, from and against all actions, suits, claims or proceedings and any damages, losses, costs or expenses resulting directly or indirectly from the activities of the Licensee or its representatives or agents.

➤ **Termination**

Both Parties may terminate for material breach of the license agreement. The University may terminate or restructure the terms of the license agreement should the licensee fail to meet the Market Performance Targets in any given year over the Term or fail to abate patent infringement.

➤ **Assignment**

1. Neither party shall have the right to assign the Agreement to a third party, including subsidiaries, without the express written permission of one another.