

Summary of basic terms for an exclusive license agreement with Auburn University

FIELD OF USE	Defines areas/industries that are covered under license.
LICENSED PRODUCTS	Any product or service that is covered by or is produced using inventions, discoveries and processes covered by TECHNOLOGY RIGHTS within the FIELD OF USE.
TERRITORY	Defines geographic region of license.
TECHNOLOGY RIGHTS	PCT Application PCT/US08/xxxxx (for example) regarding “[Title]” owned by Auburn University (“AUBURN”) and all domestic or foreign continuations, divisionals, reissues, and reexaminations issuing or claiming priority therefrom. <i>(Auburn also licenses copyrights, trademarks, and other intellectual property)</i>
LICENSE	AUBURN shall grant [Company Name] (“LICENSEE”) an exclusive license under the TECHNOLOGY RIGHTS to use, make, have made, sell, and import LICENSED PRODUCTS within the FIELD OF USE in the TERRITORY. The right to sublicense shall be specifically included in the license.
LICENSE FEE	[Amount here – can include equity in case of start-up]
TECHNOLOGY EXPENSES	LICENSEE shall reimburse AUBURN for all past and be responsible for all future expenses paid in filing, prosecuting, enforcing and maintaining TECHNOLOGY RIGHTS.
REPORTING	There shall be reporting and records requirements of the LICENSEE, to be determined. AUBURN shall have the right to audit, terms to be determined.
GOVERNANCE	The agreement shall be governed by the laws of the State of Alabama. <i>(As an instrumentality of the State of Alabama, Auburn University cannot enter into agreements that are governed by the laws of another state or country. For all license agreements, the governing law must be that of the State of Alabama.)</i>
DUE DILIGENCE	Licensee shall achieve the following development milestones: [Milestones A, B, C, etc. TBD -- often relating to timeline for first commercialization and certain numbers of net sales per year after that. Different milestones can be used.] Except as otherwise noted, failure to meet any of the above milestones will be grounds for Licensor to terminate the Agreement, subject to a mutually agreeable period of time to allow Licensee to rectify any such breach.
INDEMNIFICATION and PRODUCT LIABILITY	LICENSEE shall at all times during the term of this agreement and thereafter, indemnify, defend and hold AUBURN, its trustees, directors, officers, employees and affiliates, harmless against all claims, proceedings, demands and liabilities of any kind whatsoever. LICENSEE shall obtain and carry in full force and effect commercial, general liability insurance that shall protect LICENSEE and AUBURN. <i>(As an instrumentality of the State of Alabama, Auburn University cannot indemnify other parties. Additionally, to protect the university and its public services as a whole, indemnification by the LICENSEE is required.)</i>

ROYALTIES	<p>Licensee will pay Licensor a royalty of X of net sales (typically a percentage or flat rate per unit sold) of LICENSED PRODUCTS that are sold by LICENSEE or its sublicensees.</p> <p><i>Preferred:</i> Licensee will pay minimal annual payments according to the following schedule:</p> <table style="margin-left: 40px;"> <tr> <td>January 1, 20xx</td> <td style="text-align: right;">\$Y</td> </tr> <tr> <td>January 1, 20xy</td> <td style="text-align: right;">\$Z (etc.)</td> </tr> </table> <p>Such payments are creditable towards royalties due for the given year (but not towards royalties in future years).</p> <p>LICENSEE shall pay AUBURN a percentage on all non-royalty consideration received by LICENSEE from any Sublicensee according to the following schedule: [Share starts at 75%, dropping step-wise to smaller amounts as certain development milestones are achieved (and subsequent value is added by LICENSEE). Such milestones can – but don't have to - match those in Due Diligence section.]</p>	January 1, 20xx	\$Y	January 1, 20xy	\$Z (etc.)
January 1, 20xx	\$Y				
January 1, 20xy	\$Z (etc.)				
TERM	<p>The term of this agreement shall be until all TECHNOLOGY RIGHTS claiming the LICENSED PRODUCTS expire in all countries in TERRITORY.</p>				