**Draft Term Sheet – Premier University/Licensee, Inc.**

**This non-binding term sheet (“Term Sheet”) sets forth certain business terms that would be included in a definitive agreement (“Agreement”) to be negotiated between Licensee, Inc. (the “Company”) and Premier University (“Institution”). This Term Sheet represents only a description of certain terms of the Agreement and does not purport to summarize all the covenants, indemnification, insurance and other provisions that may be contained in the Agreement. This Term Sheet is for discussion purposes only and there is no obligation on the part of any negotiating party until an Agreement is signed by all the parties. The parties agree that the contents of this Term Sheet shall be the Confidential Information of Institution and the Company under that certain Confidentiality Agreement by and between Institution and the Company dated [\_\_\_\_\_\_\_\_\_\_], 20[\_\_], and shall be subject to the restrictions on disclosure and use imposed thereby.**

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| **Grant of Rights** | | |
| **Exclusive License** | Institution would grant to the Company an exclusive, worldwide, royalty-bearing, sublicensable license under the Patent Rights solely to [research, develop], make, have made, use, have used, sell, offer for sale, have sold, export and import Licensed Products in the Field. | |
| **Field** | Prevention or treatment of human disease | |
| **Non-Exclusive License** | Institution would grant to the Company a non-exclusive, worldwide, royalty-bearing, sublicensable license under the Patent Rights and related know-how for the following purposes: [\_\_\_\_\_\_\_\_\_\_\_\_\_] | |
| **Sublicense Rights** | The Company would be entitled to sublicense its rights under the Agreement, subject to reasonable limitations that would be agreed upon in the Agreement and that would ensure the Institution’s ability to protect their rights under the Agreement. | |
| **Reservation of Rights** | The licenses under the Agreement would be made subject to (i) any rights or obligations of the Institution and United States government under 35 USC 200-212 and 37 CFR Part 401, and (ii) Institution’s reservation of the right, for itself and other academic, government and non-profit entities, to make, use and practice the Patent Rights for research, teaching, educational or other non-commercial purposes. | |
| **March-in Rights** | The Agreement would include commercially reasonable provisions providing the Institution with certain rights to [require the Company to negotiate/grant a sublicense to a third party for the development or commercialization of a Licensed Product in the Field [if certain conditions are met] or grant such licenses directly]. | |
| **Patent Expenses, Prosecution and Enforcement** | | |
| **Patent Expenses** | Within [\_\_\_\_\_\_\_] (\_\_) days after execution of the Agreement, the Company would reimburse the Institution for all unreimbursed, documented, out-of-pocket expenses incurred by the Institution in the filing, prosecution, protection and maintenance of the Patent Rights prior to execution of the Agreement (approximately $\_\_\_\_\_\_\_\_\_ as of the date of this term sheet), reduced by any amounts previously paid by Company. In addition, within [\_\_\_\_\_\_\_\_] (\_\_) days after the date of each invoice from the Institution, the Company would reimburse the Institution for all such expenses incurred after execution of the Agreement. | |
| **Patent Prosecution** | The Agreement would include commercially reasonable provisions providing the Company with sufficient rights to [control and/or influence] the prosecution of the Patent Rights. | |
| **Patent Enforcement** | The Company will have the sole right to enforce the Patent Rights against infringers within the scope of the exclusive license granted under the Agreement. | |
| **License Consideration** | | |
| **Equity** | [\_\_]%, with anti-dilution through financing of [\_\_\_] million dollars ($[\_\_]M) | |
| **Upfront License Fee** | $[\_\_\_], payable upon execution of the Agreement [or insert installments if payable in installments] | |
| **Maintenance Fee**  Creditable to royalty amounts due in the same calendar year | $[\_\_\_] due on each anniversary of the date of execution of the Agreement  [OR use a scaled approach:  Jan 1st 20[\_\_] through 20[\_\_] $[\_\_\_]  Jan 1st 20[\_\_] and 20[\_\_] $[\_\_\_]  Jan 1st 20[\_\_] and each year thereafter $[\_\_\_]] | |
| **Royalty Rates** | [\_\_\_\_]% of net sales of Licensed Products by Company, its affiliates and its sublicensees  The foregoing royalty rates will be reduced by 50% if the Licensed Product is not covered by a Valid Claim within the Patent Rights. | |
| **Non-Royalty Sublicense Income Sharing** | [\_\_%] of Non-Royalty Sublicense Income  [OR consider a decreasing percentage based on time or achievement of development milestones:  [\_\_%] of Non-Royalty Sublicense Income received with respect to a sublicense prior to [the \_\_\_ anniversary of the date of execution of the Agreement OR the date on which the Company has [achieved a milestone] with respect to a Licensed Product]  [\_\_%] of Non-Royalty Sublicense Income received on or after the [\_\_\_ anniversary of the date of execution of the Agreement OR the date on which the Company has [achieved the prior milestone] with respect to a Licensed Product and prior to [the \_\_\_ anniversary of the date of execution of the Agreement OR the date on which the Company has [achieved a milestone] with respect to a Licensed Product]  [\_\_%] of Non-Royalty Sublicense Income received on or after the [\_\_\_ anniversary of the date of execution of the Agreement OR the date on which the Company has [achieved the prior milestone] | |
| **Milestones Payments**  **(on a Licensed Product-by-Licensed Product basis)** | **First IND accepted** | $[\_\_\_\_\_\_\_] |
| **First Phase 2**  (First patient dosed) | $[\_\_\_\_\_\_\_] |
| **First Phase 3**  (First patient dosed) | $[\_\_\_\_\_\_\_] |
| **First Regulatory Approval** | FDA $[\_\_\_\_\_\_\_]  EU $[\_\_\_\_\_\_\_]  Japan $[\_\_\_\_\_\_\_] |
| **Sales** | $[\_\_\_\_\_\_\_] when achieve $[\_\_\_\_\_\_\_] in aggregate net sales  $[\_\_\_\_\_\_\_] when achieve $$[\_\_\_\_\_\_\_] in aggregate net sales |
|  | **Other Terms Relating to Milestone Payments** | Milestones are payable only once for each Licensed Product.  Regulatory approval means receipt of all regulatory approvals (which in the case of the EU may be through the centralized procedure), marketing authorizations and completion of pricing negotiations required, if any, in the jurisdiction in question. EU regulatory approval means approval in at least two major EU markets (specifically, the UK, Germany, Italy, France or Spain). |
| **Royalty Term** | On a country-by-country and product-by-product basis, ending on latest of: (a) the expiration of the last Valid Claim within the Patent Rights covering the Licensed Product or (b) the tenth anniversary of the date of the first commercial sale of the Licensed Product. | |
| **Third Party Royalty Offset** | The Company may reduce royalty payments otherwise due under the Agreement by 50% of the amounts payable by the Company under third party licenses, provided that such reduction shall not exceed 50% of the amount of such royalty payments otherwise due under the Agreement. | |
| **Development Plan** | | |
| **Diligence Requirement:** The Company would use [commercially reasonable/diligent commercial] efforts to develop and commercialize Licensed Products. [Add any requirement to perform under a development plan or to meet specific milestones in order to maintain the licenses granted under the Agreement.] | | |
| **Miscellaneous** | | |
| **Technology Transfer** | The Agreement would include commercially reasonable provisions providing for a period of technology transfer of not less than [\_\_] and not more than [\_\_\_] days. The process and scope of technology transfer to be further agreed in the Agreement. | |
| **Assignment** | The Company may assign or transfer the Agreement: (a) without the consent of the Institution, to an affiliate of the Company or in connection with the transfer or sale of all or substantially all of the Company’s assets or business related to the Licensed Products and/or the Agreement, whether by merger, consolidation, sale of assets, change in control or other transaction, provided that the Company promptly shall provide the Institution with a written notice of such assignment including the identity of the assignee or transferee and such assignee or transferee agrees in writing to assume the obligations to the Institution that are being assigned or transferred; and (b) in any other circumstance, only with the prior written consent of the Institution, such consent not to be unreasonably withheld, conditioned or delayed. | |
| **Termination** | The Institution and the Company each will have the right to terminate the Agreement upon an uncured breach or insolvency of the other party (after notice and opportunity to cure as provided in the Agreement). The cure period shall not be less than [\_\_\_\_] days.  The Company will have the right to terminate the Agreement for any reason or no reason on [\_\_\_\_\_] months’ prior written notice to the Institution. | |
| **Definitions** | | |
| **Licensed Product** | On a country-by-country basis, any product the making, using, selling, offering for sale, exporting or importing of which product in the country in question would (without the license granted under the Agreement) infringe at least one Valid Claim in that country. | |
| **Patent Rights** | The patent applications owned or controlled by the Institution that are listed on the attached Exhibit A and any and all divisionals, continuations, continuations-in-part (only to the extent of claims that are entitled to the priority date of and directed specifically to the subject matter claimed in the application), substitutes, counterparts and foreign equivalents thereof filed in any country, and any patents issuing thereon and any reissues, reexaminations or extensions thereof. | |
| **Valid Claim** | (A) a claim of an issued and unexpired patent within the Patent Rights that has not been (i) held permanently revoked, unenforceable, unpatentable or invalid by a decision of a court or governmental body of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, (ii) disclaimed or rendered unenforceable through disclaimer or otherwise, or (iii) abandoned, or (B) a pending claim of a pending patent application within the Patent Rights that has not been pending for more than [\_\_\_\_\_\_] (\_\_) years and has not been abandoned or finally rejected without the possibility of appeal or refiling or without such appeal having been taken or refiling having been made within the applicable time periods. | |
| **Non-royalty Sublicense Income** | All consideration received by Company or its affiliates for sublicensing or non-assertion of Patent Rights or rights relating to Licensed Products, such as license or distribution fees, milestone or option payments, or license maintenance fees, but excluding equity investments and loans, funding for future research, development, manufacturing and commercialization activities by the Company at fully burdened cost, reimbursement for patent expenses at their out-of-pocket cost, and royalties on net sales of Licensed Products. | |