

Draft No:  
Date:

**DATED**

**(1) OXFORD UNIVERSITY INNOVATION LIMITED**

**and**

**(2)**

**LICENCE OF TECHNOLOGY  
(OUI PROJECT No.                    )**

## DRAFT

**THIS AGREEMENT** is made on

### BETWEEN:

- (1) **OXFORD UNIVERSITY INNOVATION LIMITED** (Company No. 2199542) whose registered office is at University Offices, Wellington Square, Oxford OX1 2JD, England ("**OUI**"); and
- (2) \_\_\_\_\_ (Company Registration No. \_\_\_\_\_ )  
whose registered office is at \_\_\_\_\_  
(the "**Licensee**").

The Licensee's VAT registration number is [ \_\_\_\_\_ ].

### BACKGROUND:

The Licensed Technology is connected with OUI Project Number: [ ] OUI Project Title: [ ] and [brief description]. The Licensee wishes to acquire a licence to the Licensed Technology and OUI is willing to license the Licensed Technology to the Licensee, on the terms of this agreement.

### AGREEMENT:

#### 1. Interpretation

In this agreement (including its Schedules), any reference to a "clause" or "Schedule" is a reference to a clause of this agreement or a schedule to this agreement, as the case may be. Words and expressions used in this agreement have the meaning set out in Schedule 1.

#### 2. Grant Of Licence

*[Please make sure that the Licence includes all necessary obligations required by third party funders]*

- 2.1 In consideration of the payments required to be made under this agreement by the Licensee, OUI grants to the Licensee a licence in the Territory in respect of the Licensed Technology to develop, make, have made, use and have used-, import, export and Market the Licensed Product in the Field on and subject to the terms and conditions of this agreement. Subject to clause 4, the Licence is exclusive in the Field in relation to the Licensed Intellectual Property Rights. The Licence is non-exclusive in relation to the Licensed Know-How. OUI retains unrestricted rights to use and license others to use the Licensed Know-How; and to use and license the Licensed Technology outside the Field.
- 2.2 As soon as is reasonably possible after the date of this agreement (and in any event within thirty (30) days of the date of this agreement), OUI will, at OUI's cost, supply the Licensee with the Documents. OUI shall, for a period of one (1) year from the date of this agreement, continue to provide the Licensee with such documents and materials as embody the Licensed Know How generated during that period.

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- 2.3 The Licensee may grant sub-licences with the prior written consent of OUI, such consent not to be unreasonably withheld, conditioned or delayed, provided that:
- 2.3.1 the sub-licensee has obligations to the Licensee commensurate with those which the Licensee has to OUI under this agreement, except the financial terms of this agreement or where it is not legally possible to include such obligations in the sub-licence;
  - 2.3.2 the nature of the proposed sub-licensee is not likely in OUI's reasonable opinion to have any detrimental impact on the reputation of either OUI or of the University;
  - 2.3.3 as soon as reasonably practicable following the grant of each sub-licence, the Licensee provides a certified copy of that sub-licence to OUI, such copy to be Confidential Information of the Licensee which may be redacted to the extent any information in such sub-licence does not relate to the Licensed Technology, OUI and/or this agreement;
  - 2.3.4 the sub-licensee enters into a Deed of Covenant with OUI in the form set out in Schedule 4; and
  - 2.3.5 no sub-licence will carry any right to sub-sub-licence.

### **3. Improvements**

- 3.1 The Licensed Technology covered by the Licence in clause 2 includes Inventor Improvements. OUI will communicate in writing to the Licensee within a reasonable time and in any event within thirty (30) days of becoming aware of the same, all Inventor Improvements.
- 3.2 The Licensee acknowledges and agrees that all Intellectual Property Rights in Inventor Improvements belong to OUI.
- 3.3 The Licensee will communicate in writing to OUI within thirty (30) days of intended publication all Licensee Improvements.
- 3.4 OUI acknowledges and agrees that all Intellectual Property Rights in the Licensee Improvements belong to the Licensee.

### **4. Rights Regarding Non-Commercial Use**

- 4.1 The Licensee grants OUI an irrevocable, perpetual, royalty-free licence to grant the University and those persons who at any time work or have worked on the Licensed Technology the licence set out in clause 4.2.
- 4.2 OUI has granted and in respect of Licensee Improvements, will grant, to the University and those persons who at any time work or have worked on the Licensed Technology a non-transferable, irrevocable, perpetual, royalty-free licence to use and publish the

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Licensed Technology and the Licensee Improvements for Non-Commercial Use.

- 4.3 ***The following language may be included by agreement with the founder researchers:***  
Where the University wishes to submit a publication including Licensee Improvements, OUI shall procure that the University will use all reasonable endeavours to submit such draft publication to the Licensee in writing not less than thirty (30) days in advance of the submission for publication. The Licensee may make a written request to the University to delay submission for publication if, in the Licensee's reasonable opinion, such delay is necessary in order to seek patent or similar protection for the Licensee Improvements. A delay imposed on submission for publication as a result of a written request made by the Licensee shall not last longer than is necessary to seek required protection; and therefore shall not exceed four (4) months from the date of receipt of the written request to delay submission for publication by the Licensee, although OUI will procure that the University will not unreasonably refuse a request from the Licensee for additional delay in the event that Intellectual Property Rights would otherwise be lost. Notification of the requirement for delay in submission for publication must be received by the University within thirty (30) days after the receipt of the notice of intention to publish by the Licensee, failing which the University shall be free to assume that the Licensee has no objection to the proposed publication.

## 5. Filing and Maintenance

- 5.1 The Licensee will pay OUI the Past Patent Costs [*representing the Licensee's sole contribution to the patent costs incurred by OUI prior to the parties entering into this agreement,*] within thirty (30) days of receiving an invoice from OUI
- 5.2 OUI will, in consultation with the Licensee and at the Licensee's cost, prosecute, use all reasonable endeavours to maintain, and renew the Application throughout the duration of this agreement. OUI will give all reasonable consideration to the views of the Licensee and will not unreasonably refuse to prosecute, maintain or renew Applications provided always that the Licensee agrees to bear the costs of such action according to this clause 5.2. The Licensee will reimburse OUI for all costs, filing fees, lawyers' and patent agents' fees, expenses and outgoings of whatever nature incurred by OUI in the prosecution, maintenance and renewal of the Application (including those incurred in opposition proceedings before the European Patent Office or in ex parte re-examination or inter partes review proceedings in the United States Patent and Trademark Office ("USPTO") or any similar proceedings before any patent office challenging the grant or validity of the Application) within thirty (30) days of receiving an invoice from OUI. OUI shall be entitled to make it a condition of any action of OUI under this clause 5.2 that the Licensee provides OUI with sufficient money in advance to cover the costs likely to be incurred in the action.
- 5.3 Where the Application is prosecuted in the USPTO and the Licensee is a small business concern as defined under the US Small Business Act (15USC632) OUI intends to pay reduced USPTO patent fees under US patent law 35USC 41(h)(1). The Licensee will notify OUI as soon as reasonably possible if it [*or a sub-licensee*] ceases to be a small business concern as defined under the US Small Business Act (15USC632) or becomes aware of any other reason why it would not qualify for reduced USPTO patent fees under US patent law

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35USC 41(h)(1).

- 5.4 The Licensee shall inform OUI not less than six (6) months in advance of the National Phase filing deadline (noted in Schedule 2) of the territories within the scope of the PCT that it wishes to be covered in the National Phase of the Application. In the event that the Licensee does not give the required minimum of six months advance notice OUI shall then be entitled to proceed with filing the applications at the Licensee's cost in whichever territories as it may in its sole discretion decide.
- 5.5 The Licensee shall be entitled to remove any one or more of the countries from the Territory at any time by giving not less than six months' notice to OUI. If the Application is proceeding under the PCT then such notice may not be given any earlier than the date for commencement of the National Phase filing. For the avoidance of doubt the Licensee shall remain liable for the costs mentioned in clause 5.2 that arise or are incurred by OUI during the said notice period in respect of the countries being removed.
- 5.6 In the event that OUI elects to discontinue the prosecution and/or maintenance of any of the Applications, the Licensee shall have the right but not the obligation to take over prosecution and maintenance of the Applications OUI has elected to discontinue.

### **6. Infringement**

- 6.1 Each party will notify the other in writing of any misappropriation or infringement of any rights in the Licensed Technology of which the party becomes aware.
- 6.2 The Licensee has the first right (but is not obliged) to take Legal Action at its own cost in relation to any misappropriation or infringement of any rights included in the Licensed Intellectual Property in the Field. The Licensee must discuss any proposed Legal Action with OUI prior to the Legal Action being commenced, and take due account of the legitimate interests of OUI in the Legal Action it takes provided always that the Licensee may act without further consultation if rights in the Licensed Technology would otherwise be prejudiced or lost.
- 6.3 If the Licensee takes Legal Action under clause 6.2, the Licensee will:
  - 6.3.1 indemnify and hold OUI and the University harmless against all costs (including lawyers' and patent agents' fees and expenses), claims, demands and liabilities arising out of or consequent upon a Legal Action and will settle any invoice received from OUI in respect of such costs, claims, demands and liabilities within thirty (30) days of receipt;
  - 6.3.2 treat any account of profits or damages (including, without limitation, punitive damages) awarded in or paid to the Licensee under any settlement of the Legal Action for any misappropriation or infringement of any rights included in the Licensed Technology as Net Sales exceeding the Royalty Threshold for the purposes of clause 8, having first for these purposes deducted from the award or settlement an amount equal to any legal costs incurred by the Licensee in the Legal Action that are not covered by an award of legal costs; and

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- 6.3.3 keep OUI regularly informed of the progress of the Legal Action, including, without limitation, any claims affecting the scope of the Licensed Technology.
- 6.4 OUI may take any Legal Action at its own cost in relation to any misappropriation or infringement of any rights included in the Licensed Intellectual Property Rights where:
  - 6.4.1 the Licensee has notified OUI in writing that it does not intend to take any Legal Action in relation to any misappropriation or infringement of any such rights; or
  - 6.4.2 if having received professional advice with regard to any Legal Action within fourteen (14) days of the notification under clause 6.1, and consulted with OUI, the Licensee does not take reasonable steps to act upon an agreed process for dealing with such misappropriation or infringement (which may include, for the avoidance of doubt, seeking a second opinion in respect of such professional advice) within any timescale agreed between OUI and the Licensee and in any event within forty-five (45) days of notification under clause 6.1,provided it shall not settle any action without first consulting with the Licensee and taking account of the reasonable observations and requests of the Licensee.
- 6.5 Subject to clauses 6.2 and 6.3, if the Licensee takes Legal Action OUI will provide such reasonable assistance as requested by the Licensee in relation to such Legal Action at the Licensee's cost and authorises the Licensee to join OUI as a party in any Legal Action where it is a legal requirement for the patent owner to be a plaintiff in the Legal Action, provided that the Licensee indemnifies OUI under clause 6.3.1 for the costs of any legal representation in the Legal Action required by OUI.

## **7. Confidentiality**

- 7.1 Subject to clauses 7.2, 7.3 and 7.4, each party (being a receiving or disclosing party as the case may be) will keep confidential the Confidential Information of the other party and will not disclose or supply the Confidential Information to any third party or use it for any purpose, except in accordance with the terms and objectives of this agreement.
- 7.2 The Licensee may disclose to sub-licensees of the Licensed Technology such of the Confidential Information as is necessary for the exercise of any rights sub-licensed, provided that the Licensee shall ensure that such sub-licensees accept a continuing obligation of confidentiality on substantially the same terms as this clause and giving third party enforcement rights to OUI, before the Licensee makes any disclosure of the Confidential Information. The Licensee may also disclose the Licensed Technology to the extent reasonably required in connection with the conduct of its business including to potential investors, other business associates and professional advisors provided that such persons have agreed in writing to be bound by non-use and non-disclosure obligations that are no less strict than those set forth in this agreement or are subject to professional codes of conduct that prevent disclosure of client confidential information and the Licensee will take action in respect of any breach of such obligations.
- 7.3 Confidential Information may be exchanged freely between OUI and the University and communications between those two parties shall not be regarded as disclosures, dissemination or publication for the purpose of this agreement. OUI may also disclose the

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terms of this agreement and royalty reports and payments made by the Licensee to any third parties that have rights to a revenue share for providing funding in the development of the Licensed Technology provided that such persons have agreed in writing to be bound by non-use and non-disclosure obligations or are subject to professional codes of conduct that prevent disclosure of client confidential information and OUI will take action in respect of any breach of such obligations.

- 7.4 Clause 7.1 will not apply to any Confidential Information which:
- 7.4.1 is known to the receiving party before disclosure, and not subject to any obligation of confidentiality owed to the disclosing party;
  - 7.4.2 is or becomes publicly known without the fault of the receiving party;
  - 7.4.3 is obtained by the receiving party from a third party in circumstances where the receiving party has no reason to believe that it is subject to an obligation of confidentiality owed to the disclosing party;
  - 7.4.4 the receiving party can establish by reasonable proof was substantially and independently developed by officers or employees of the receiving party who had no knowledge of the disclosing party's Confidential Information; or
  - 7.4.5 is approved for release in writing by an authorised representative of the disclosing party.
- 7.5 Nothing in this agreement will prevent a party from disclosing Confidential Information where it is required to do so by law or regulation-, stock exchange rules, or by order of a court or competent authority, provided that, in the case of a disclosure under the Freedom of Information Act 2000 ("FOIA"), none of the exemptions in the FOIA applies to the relevant Confidential Information and provided always that, to the extent permitted by law or regulation, the receiving party will give such notice as is reasonably practicable in the circumstances to the disclosing party about the timing and content of such a disclosure.
- 7.6 If either party to this agreement receives a request under the FOIA to disclose any information that, under this agreement, is the other party's Confidential Information, it will notify and consult with the other party. The other party will respond within five (5) days after receiving notice if that notice requests the other party to provide information to assist in determining whether or not an exemption under the FOIA applies to the information requested under the FOIA.

## **8. Royalties and other Payments**

- 8.1 OUI will invoice the Licensee for the Completion Fee shortly after signature of this agreement and the Licensee must settle the invoice within thirty (30) days of receipt. Where at the date of this agreement the total aggregate subscription amount received by the Licensee from its investors or that its investors have agreed to pay for shares in the Licensee is less than £500,000, the amount of the Completion Fee due following signature of this agreement will be reduced to ten percent (10%) of that subscription amount provided that the Licensee will notify OUI as soon as the cumulative subscription amount invested in the Licensee equals or exceeds £500,000 and following that notice will pay to

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the Licensee the balance of the Completion Fee within thirty (30) days of receipt of an invoice from OUI.

- 8.2 The Licensee will pay to OUI a royalty equal to the applicable Royalty Rate on all Net Sales of Licensed Products that exceed the Royalty Threshold. The Licensee will notify OUI as soon as possible after it achieves the Royalty Threshold.
- 8.3 Following expiration or revocation of the last Valid Claim covering a Licensed Product in a country in which the Licensed Product is Marketed and where there is being Marketed and sold by a third party in the normal course of business a product that, directly or indirectly, competes with the Licensed Product, the Step Down Rate (as defined below) shall apply on a country-by-country basis to the applicable Royalty Rate of such Licensed Products. For the purposes of this clause 8.3, the "Step Down Rate" shall be the percentage decrease of (a) the average price of the Licensed Product in the twelve months prior to the introduction of a competitive product compared against (b) the average price of the Licensed Product for the twelve months following the introduction of a competitive product.
- 8.4 The Licensee will pay to OUI the Exit Fee on the occurrence of an Exit Event and the obligation to do so will survive the termination or expiry of this agreement provided that the Licensee may buy out the right for OUI to receive the Exit Fee at any time by paying OUI the Exit Buy Out Amount. The Licensee will notify OUI as soon as possible after it signs head of terms for any Exit Event, and in any event at least thirty (30) days prior to an Exit Event and will pay to OUI the Exit Fee within thirty (30) days of the date on which the Exit Event is completed.
- 8.5 The Licensee will pay to OUI a royalty equal to the Fee Income Royalty Rate on all up-front, milestone and other one-off payments (other than payments made solely in relation to research provided by the Licensee) received by the Licensee under or in connection with all sub-licences and other contracts granted by the Licensee with respect to the Licensed Technology excluding royalties paid to the Licensee by a sub-licensee based on net sales of Licensed Product. The Licensee will pay each such royalty within thirty (30) days after its receipt of the payment to which the royalty relates.
- 8.6 The Licensee will pay to OUI a royalty equal to the Sublicensing Royalty Rate on any royalties paid to the Licensee by a sub-licensee based on net sales of Licensed Products by a sub-licensee, where the Fee Income Royalty Rate is not payable under clause 8.5.
- 8.7 The Completion Fee and the Exit Fee are non-refundable and will not be considered as an advance payment on royalties payable under clause 8.2.
- 8.8 The Licensee or any of its sub-licensees may supply a commercially reasonable quantity of Licensed Products for promotional sampling provided that the number of Licensed Products supplied for promotional sampling shall not be greater than [5%] of the total number of units of each Licensed Product sold, leased or licensed by the Licensee in any Quarter. Except as set out in this clause, the Licensee must not accept or solicit any non-monetary consideration when Marketing or otherwise transferring Licensed Products or when issuing sub-licences of the Licensed Technology without the prior written consent of

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- 8.9 The Licensee will make all payments in pounds sterling or any currency replacing pounds sterling in its entirety unless the parties agree otherwise.
- 8.10 For the purposes of calculating any amount payable by the Licensee to OUI in a currency other than pounds sterling (or replacement currency), the Licensee shall apply an exchange rate equivalent to the average of the applicable closing mid rates quoted by the Financial Times as published in London on:
  - 8.10.1 the first Business Day of each month during the Quarter just closed; or
  - 8.10.2 for payments under clause 8.5 only, the first Business Day of the month in which the payment was received by the Licensee.
- 8.11 Where the Licensee has to withhold tax by law, the Licensee will deduct the tax, pay it to the relevant taxing authority, and supply OUI with a Certificate of Tax Deduction at the time of payment to OUI.
- 8.12 In the event that full payment of any amount due from the Licensee to OUI under this agreement is not made by any of the dates stipulated, the Licensee shall be liable to pay interest on the amount unpaid at the rate of five per cent (5%) per annum over the base rate for the time being of Barclays Bank plc. Such interest shall accrue on a daily basis from the date when payment was due until the date of actual payment of the overdue amount, whether before or after judgment, and shall be compounded quarterly.
- 8.13 If the Licensed Product is of a description covered by the Medicines Access Policy, the Licensee shall adhere to the requirements of the Medicines Access Policy.

### **9. Commercially Reasonable Endeavours**

- 9.1 The Licensee must use Commercially Reasonable Endeavours to develop, exploit and Market the Licensed Technology to maximise the financial return for both parties.
- 9.2 The Licensee must use Commercially Reasonable Endeavours to develop, exploit and Market the Licensed Technology in accordance with the Development Plan.
- 9.3 At least thirty (30) days prior to the commencement of each subsequent Licence Year, the Licensee will provide OUI with a revised development plan together with any background supporting information necessary for OUI to evaluate the draft plan; such revised development plan to be consistent with an anticipated return to OUI under clause 8. The Licensee will consult with OUI over the draft plan and will consider in good faith any comments that OUI may put forward. Following approval of the revised development plan by OUI, the revised development plan shall become the Development Plan.

### **10. Royalty Reports and Audit**

- 10.1 The Licensee will provide OUI with a report at least once in every six (6) months detailing the activities and achievements in its development of the Licensed Technology in order to

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facilitate its commercial exploitation, and in the development of potential Licensed Products.

- 10.2 The Licensee will provide OUI with a royalty report within thirty (30) days after the close of each Licence Year for each Licensed Product Marketed by the Licensee. Each Royalty Report will:
- 10.2.1 set out the Net Sales of each Licensed Product Marketed by the Licensee, including the total gross selling price of each Licensed Product Marketed by the Licensee and the quantity or total number of units of each Licensed Product Marketed by the Licensee;
  - 10.2.2 set out details of deductions made in the calculation of Net Sales from the invoiced price of each Licensed Product in the form in which it is Marketed by the Licensee;
  - 10.2.3 set out details of the quantity of Licensed Products used for promotional sampling by the Licensee;
  - 10.2.4 provide a calculation of the royalties due from the Licensee to be paid at the Royalty Rate;
  - 10.2.5 set out details of payments received by the Licensee to which the Fee Income Royalty Rate applies and provide a calculation of the royalties due from the Licensee to be paid at the Fee Income Royalty Rate;
  - 10.2.6 set out details of payments received by the Licensee to which the Sublicensing Royalty Rate applies and provide a calculation of the royalties due from the Licensee to be paid at the Sub-Licensing Royalty Rate; and
  - 10.2.7 set out the steps taken during the Licence Year to promote and Market Licensed Products.

The Licensee must pay OUI the royalties due in respect of the Licence Year just closed at the same time as the Licensee delivers the Royalty Report, provided that, if requested, OUI will issue an invoice for the relevant payment prior to payment.

- 10.3 In the event of a dispute regarding the calculation of Net Sales or other payments, including the Licensee's interpretation of International Financial Reporting Standards, whether following an audit pursuant to clause 10.6 or otherwise, the dispute shall be referred to an appropriately qualified independent expert (the "Expert") jointly appointed by the parties (acting reasonably) who shall settle the dispute as follows. The Expert shall ask each party for written submissions within thirty (30) days of its appointment and shall be given access to the parties' records and correspondence applicable to the dispute. The Expert shall have a period of sixty (60) days after this time to decide the dispute. The Expert will be appointed as an expert and not as an arbitrator. The parties will each have the right to make representations to the Expert. The Expert's decision shall be binding on the parties without right of appeal and the costs of the Expert shall be borne by the non-prevailing party.
- 10.4 The Licensee will deliver to OUI a periodic report at the close of each Licence Year providing sufficient data (in outline form) to give a reasonable indication or estimate of

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the actual or expected market share of the Licensee and its sub-licensees and will notify OUI in the event that its market share does or is expected to breach the limits set out in the 2014 Commission Regulation 316/2014 Technology Transfer Block Exemption Regulation and Guidelines in Commission Communication 2014/c 89/03 and any successor regulation. This obligation is not intended to place a significant additional financial burden on the Licensee.

- 10.5 If a Licensed Product Marketed by the Licensee is re-Marketed by an Affiliate or an entity over which the Licensee exercises Control, the royalty on each such Licensed Product will be calculated on the highest of the prices at which it is Marketed or re-Marketed.
- 10.6 The Licensee must keep complete and proper records and accurate accounts of all Licensed Products used and Marketed by the Licensee and any sub-licensee in each Licence Year for at least six (6) years. OUI may, through an independent certified accountant appointed by OUI ("the Auditor"), audit all such accounts on at least thirty (30) days' written notice no more than once each Licence Year for the purpose of determining the accuracy of the Royalty Reports and payments. The Auditor shall be:
- 10.6.1 permitted by the Licensee to enter the Licensee's principal place of business upon reasonable notice to inspect such records and accounts;
  - 10.6.2 entitled to take copies of or extracts from such records and accounts as are strictly necessary for the Auditor to properly conduct the audit;
  - 10.6.3 given all other information by the Licensee as may be necessary or appropriate to enable the amount of royalties payable to be ascertained including the provision of relevant records; and
  - 10.6.4 shall be allowed access to and permitted, to the extent reasonably required, to conduct interviews of any management staff of the Licensee in order to verify the accuracy of the records and accounts and the accuracy of any statements provided to OUI under clause 10.2.

If on any such audit a shortfall in payments of greater than five per cent (5%) is discovered by the Auditor in respect of the audit period, the Licensee shall pay OUI's audit costs.

- 10.7 The Licensee will ensure that each sub-licence agreement has audit obligations on the sub-licensee and provides the Licensee's auditor with the same rights of access set out in clause 10.6 and OUI shall have the right to see copies of any audit report undertaken by the Licensee's auditor.

## **11. Duration and Termination**

- 11.1 This agreement will take effect on the date of signature. Subject to the possibility of earlier termination under the following provisions of this clause 11, and subject to the possibility of an extension to the term by mutual agreement, this agreement shall continue in force until the later of:
- 11.1.1 the expiry or rejection of all patents and patent applications falling within the definition of the Application; and
  - 11.1.2 where there is Licensed Know-How included in the Licensed Technology, twenty

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(20) years from the date of this agreement.

- 11.2 If either party commits a material breach of this agreement, and the breach is not remediable or (being remediable) is not remedied within the period allowed by notice given by the other party in writing calling on the party in breach to effect such remedy (such period being not less than thirty (30) days), the other party may terminate this agreement by written notice having immediate effect.
- 11.3 The Licensee may terminate this agreement for any reason at any time provided it gives OUI six (6) months' written notice to terminate expiring after the third anniversary of this agreement. Any such termination shall not absolve the Licensee of its obligation to accrue and pay royalties and other payments under the provisions of clause 8 in respect of the period prior to termination.
- 11.4 OUI may terminate this agreement:
- 11.4.1 immediately, if the Licensee has a petition presented for its winding-up, (but excluding for this purpose any winding up petition presented against the Licensee in relation to any debt disputed by the Licensee), or passes a resolution for voluntary winding-up otherwise than for the purposes of a bona fide amalgamation or reconstruction, or compounds with its creditors, or has a receiver administrator or administrative receiver appointed over all or any part of its assets, or enters into any arrangements with creditors, or takes or suffers any similar action in consequence of debts;
- 11.4.2 on thirty (30) days' written notice if:
- (a) the Licensee opposes or challenges the validity of the Application provided always that nothing in this clause 11.4.2 will prevent the Licensee from seeking to determine whether a product of the Licensee is a Licensed Product for the purposes of this agreement and the seeking of such determination shall not trigger any termination rights herein;
  - (b) the Licensee is in breach of clause 9 and the Licensee does not take any remedial action reasonably requested by OUI and notified to the Licensee by written notice pursuant to clause 11.2 within a reasonable time; or
  - (c) if the Licensee fails to pay or takes steps to avoid or remove its obligation to pay the Exit Fee other than by paying the Exit Buy Out Amount.
- 11.5 On termination or expiration of this agreement, for whatever reason, the Licensee:
- 11.5.1 shall pay to OUI all outstanding royalties and other sums due under this agreement;
- 11.5.2 shall provide OUI with details of the stocks of Licensed Products held at the point of termination;
- 11.5.3 must cease to use or exploit the Licensed Technology, provided that this restriction does not apply to Licensed Know-How or Confidential Information which has entered the public domain through no fault of the Licensee, and that

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the Licensee may continue to use the Licensed Technology in order to meet any specific existing binding commitments already made by the Licensee at the date of termination and requiring delivery of Licensed Products within the next six (6) months;

- 11.5.4 must, at the option of OUI and at the Licensee's cost, destroy all other Licensed Products or send all other Licensed Products to a location nominated by OUI to the Licensee in writing; and
  - 11.5.5 grants OUI an irrevocable, transferable, non-exclusive licence to develop, make, have made, use and Market the Licensee's Improvements and products that incorporate, embody or otherwise exploit the same. OUI shall pay a reasonable royalty for use of this licence unless the termination arises under clause 11.4, or is by OUI under clause 11.2, in which case it shall be royalty-free.
- 11.6 Termination of this agreement, whether for breach of this agreement or otherwise, shall not absolve the Licensee of its obligation to accrue and pay royalties under the provisions of clause 8 for the duration of any notice period and in respect of any dealings in Licensed Products permitted by clause 11.5 or to reimburse OUI for all costs, filing fees, lawyers' and patent agents' fees, expenses and outgoings of whatever nature incurred by OUI in the prosecution, maintenance and renewal of the Application duration of any notice period in accordance with clause 5.2.
- 11.7 Clauses 1, 4.2, 6.3, 11.5, 11.6, 11.7, 11.8, 12, 13.4 and 13.14 will survive the termination or expiration of this agreement, for whatever reason, indefinitely.
- 11.8 Clauses 7 and 10.6 will survive the termination or expiration of this agreement, for whatever reason, for a period of six (6) years.

## 12. Liability

- 12.1 OUI warrants that it has full corporate power and authority to enter into this agreement. To the fullest extent permissible by law, other than as set out in this clause 12.1, OUI does not make any warranties of any kind including, without limitation, warranties with respect to:
- 12.1.1 the quality of the Licensed Technology;
  - 12.1.2 the suitability of the Licensed Technology for any particular use;
  - 12.1.3 whether use of the Licensed Technology will infringe third-party rights; or
  - 12.1.4 whether the Application will be granted or the validity of any patent that issues in response to that Application.
- 12.2 Except in relation to any claims, damages and liabilities arising directly from the fraud, recklessness or wilful misconduct of OUI or the University, the Licensee agrees to indemnify OUI and the University and hold OUI and the University harmless from and against any and all claims, damages and liabilities:
- 12.2.1 asserted by third parties (including claims for negligence) which arise from the

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use of the Licensed Technology or the Marketing of Licensed Products by the Licensee and/or its sub-licensees; and/or

- 12.2.2 arising directly from any breach by the Licensee of this agreement provided however that this indemnity for breach by the Licensee is subject to clause 12.5.
- 12.3 OUI will use reasonable endeavours to defend any Indemnified Claim and to mitigate its losses, claims, liabilities, costs, charges and expenses or (at OUI's option) allow the Licensee to do so on its behalf (subject to the University retaining the right to be kept informed of progress in the action and to have reasonable input into its conduct.) OUI will not (except as required by law) make any admission, compromise, settlement or discharge of any Indemnified Claim without the consent of the Licensee (which will not be unreasonably withheld or delayed).
- 12.4 The Licensee undertakes to make no claim against any employee, student, agent or appointee of OUI or of the University, being a claim which seeks to enforce against any of them any liability whatsoever in connection with this agreement or its subject-matter.
- 12.5 Subject to clause 12.7 and except in relation to the indemnities in clause 6.3 and 11.2, the liability of either party for any breach of this agreement, in negligence or or arising in any other way out of the subject-matter of this agreement, will not extend to incidental , indirect or consequential damages or to any loss of profits.
- 12.6 Subject to clause 12.7, the total aggregate liability of OUI to the Licensee accruing under or otherwise in connection with this agreement or its subject-matter, including without limitation liability for negligence, shall in no event exceed:
- 12.6.1 in respect of liability accruing in the first Licence Year, the amount of the Completion Fee paid to OUI; and
- 12.6.2 in respect of liability accruing in any subsequent Licence Year, the Completion Fee paid to OUI and the total royalties paid in the previous Licence Year to OUI under clause **Error! Reference source not found.**, 8.4, 8.5 and 8.6.
- 12.7 Nothing in this agreement shall limit or exclude any liability for fraud or fraudulent misrepresentation or death, or personal injury or any other liability which may not, by law, be excluded.

### 13. General

- 13.1 **Registration** – The Licensee must register its interest in the Licensed Technology with any relevant authorities in the Territory as soon as legally possible. The Licensee must not, however, register an entire copy of this agreement in any part of the Territory or disclose its financial terms without the prior written consent of OUI, such consent not to be unreasonably withheld or delayed.
- 13.2 **Advertising** – The Licensee must not use the name of OUI, the University or the Inventor except any Inventor who is, or has been, a shareholder of the Licensee, in any advertising, promotional or sales literature, without OUI's prior written approval save that the Licensee shall not have to seek re-approval for inclusion in any advertising, promotional

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or sales literature (but, for the sake of clarity, excluding any investment memoranda or other documentation prepared for the purpose of presentation to potential investors), any statement that has previously been approved by OUI or included in any press release approved by OUI.

- 13.3 **Packaging** – The Licensee will ensure that the Licensed Products and the packaging associated with them are marked suitably with any relevant patent or patent application numbers to satisfy the laws of each of the countries in which the Licensed Products are sold or supplied and in which they are covered by the claims of any patent or patent application, to the intent that OUI shall not suffer any loss or any loss of damages in an infringement action.
- 13.4 **Thesis** - This agreement shall not prevent or hinder registered students of the University from submitting for degrees of the University theses based on the Licensed Technology; or from following the University's procedures for examinations and for admission to postgraduate degree status.
- 13.5 **Taxes** - Where the Licensee has to make a payment to OUI under this agreement which attracts value-added, sales, use, excise or other similar taxes or duties, the Licensee will be responsible for paying those taxes and duties.
- 13.6 **Notices** - All notices to be sent to OUI under this agreement must indicate the OUI Project No and should be sent, by post and fax unless agreed otherwise in writing, until further notice to: The Managing Director, Oxford University Innovation Ltd, Buxton Court, 3 West Way, Oxford OX2 0JB, Fax: +44 (0)1865 280831. All notices to be sent to the Licensee under this agreement should be sent, until further notice, to the Licensee's Contact and Address indicating the OUI Project No.
- 13.7 **Force Majeure** - If performance by either party of any of its obligations under this agreement (not including an obligation to make payment) is prevented by circumstances beyond its reasonable control, that party will be excused from performance of that obligation for the duration of the relevant event.
- 13.8 **Assignment** – The Licensee may assign any of its rights or obligations under this agreement in whole or in part, to an Affiliate and only for so long as it remains an Affiliate and OUI shall at the request of the Licensee execute a Deed of Novation to bring about that assignment. Except as provided in this clause, the Licensee may not assign any of its rights or obligations under this agreement without the prior written consent of OUI (such consent not to be withheld or delayed or conditioned except solely on reasonable grounds that primarily relate to avoiding any detrimental reputational impact on the University or the assignee having insufficient funds to fulfil the obligations of this agreement, it being acknowledged and agreed that if the assignee is a publicly listed company with a market capitalisation equal to or in excess of £100 million it will be considered to have sufficient financial resources. If OUI assigns its rights in the Licensed Technology to any person it shall do so expressly subject to the Licensee's rights under this agreement.
- 13.9 **Severability** - If any of the provisions of this agreement is or becomes invalid, illegal or

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unenforceable, the validity, legality or enforceability of the remaining provisions will not in any way be affected or impaired. The parties will, however, negotiate to agree the terms of a mutually satisfactory provision, achieving as nearly as possible the same commercial effect, to be substituted for the provision found to be void or unenforceable.

- 13.10 **No Partnership etc** - Nothing in this agreement creates, implies or evidences any partnership or joint venture between OUI and the Licensee or the relationship between them of principal and agent.
- 13.11 **Entire Agreement** - This agreement constitutes the entire agreement between the parties in relation to the Licence to the exclusion of all other terms and conditions (including any terms or conditions which the Licensee purports to apply under any purchase order, confirmation order, specification or other document). The Licensee has not relied on any other statements or representations in agreeing to enter this agreement and waives all claims for breach of any warranty and all claims for any misrepresentation, (negligent or of any other kind, unless made by OUI fraudulently) in relation to any warranty or representation which is not specifically set out in this agreement. Specifically, but without limitation, this agreement does not impose or imply any obligation on OUI or the University to conduct development work. Any arrangements for such work must be the subject of a separate agreement between the University and the Licensee.
- 13.12 **Variation** - Any variation of this agreement must be in writing and signed by authorised signatories for both parties. For the avoidance of doubt, the parties to this agreement may rescind or vary this agreement without the consent of any party that has the benefit of clause 13.14.
- 13.13 **Waiver** - No failure or delay by either party in enforcing its rights under this agreement, or at law or in equity will prejudice or restrict those rights. No waiver of any right will operate as a waiver of any other or later right or breach. Except as stated to the contrary in this agreement, no right, power or remedy conferred on, or reserved to, either party is exclusive of any other right, power or remedy available to it, and each of those rights, powers, and remedies is cumulative.
- 13.14 **Rights Of Third Parties** - The parties to this agreement intend that by virtue of the Contracts (Rights of Third Parties) Act 1999 the University and the people referred to in clause 12.4 will be able to enforce the terms of this agreement intended by the parties to be for their benefit as if the University and the people referred to in clause 12.4 were party to this agreement.
- 13.15 **Governing Law** - This agreement is governed by English Law, and the parties submit to the exclusive jurisdiction of the English Courts for the resolution of any dispute which may arise out of or in connection with this agreement except in relation to any action in relation to Intellectual Property Rights or Confidential Information which may be sought in any court of competent jurisdiction.

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### Schedule 1

#### DEFINITIONS

##### (Clause 1)

**Academic and Research Purposes** means research, teaching or other scholarly use which is undertaken for the purposes of education and research.

**Affiliate** means any company or legal entity in any country Controlling or Controlled by the Licensee.

**Application** means:

- (a) the patent application set out in Schedule 2;
- (b) any patents granted in response to that application;
- (c) any corresponding foreign patents and applications which may be granted to OUI in the Territory based on and deriving priority from that application; and
- (d) any addition, continuation, continuation-in-part, division, reissue, renewal or extension based on the Application.

**Business Day** means a day, other than a Saturday or Sunday, on which clearing banks are permitted to open in London.

**Clinical Patient Care** means diagnosing, treating and/or managing the health for Academic and Research Purposes only of persons under the care of an individual having the right to use the Licensed Technology in the event that such Licensed Technology is capable of application in a healthcare setting without further development.

**Commercially Reasonable Endeavours** means the effort a prudent and determined company of comparable size and sector to the Licensee would take to pursue the goal of developing and Marketing Licensed Products to maximize the financial return and fulfil the steps laid out in the Development Plan.

**Completion Fee** means the fee set out in Schedule 2.

**Confidential Information** means in relation to each party any materials, trade secrets or other information disclosed by that party to the other. Without limiting the foregoing the following shall be deemed to be the Confidential Information of both parties:

- (a) the Licensed Technology, to the extent that it is not disclosed by the Application when published; and
- (b) this agreement.

and Licensee Improvements shall be deemed to be the Confidential Information of the Licensee subject to clause 4.3.

**Control** means:

- (a) ownership of more than fifty percent (50%) of the voting share capital of the relevant entity; or
- (b) the ability to direct the casting of more than fifty percent (50%) of the votes exercisable at a general meeting of the relevant entity on all, or substantially all, matters.

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**Development Plan** means the plan set out in Schedule 3, as revised in accordance with clause 9.3.

**Documents** means the documents and materials set out in Schedule 2.

**Exit Buy Out Amount** means the amount set out in Schedule 2.

**Exit Event** means (i) the acquisition of all or part of the share capital of the Licensee by a third party; or (ii) an initial public offering of the Licensee's shares on a stock exchange or any market where such shares are offered to private and/or institutional investors.

**Exit Fee** means the fee to be paid by the Licensee to OUI on an Exit Event calculated in accordance with the table set out in Schedule 2.

**Exit Valuation** means the value of the Licensee as valued at the Exit Event in terms of the Licensee's share capital or its business or assets (as applicable), including all elements of deferred consideration, less the total subscription amount received by the Licensee from its shareholders for shares held in the Licensee prior to the Exit Event.

**Fee Income Royalty Rate** means the royalty rate set out in Schedule 2.

**Field** means the field set out in Schedule 2.

**Improvement** means any development of the Licensed Technology which would, if commercially practised, infringe and/or be covered by a claim subsisting or being prosecuted in the Application.

**Indemnified Claim** means any claim under which OUI and the University are entitled to be indemnified under clause 12.2.

**Intellectual Property Rights** means patents, trade marks, copyrights, database rights, rights in designs, and all or any other intellectual or industrial property rights, whether or not registered or capable of registration.

**Inventor** means the inventor or inventors named in the Application and identified in Schedule 2.

**Inventor Improvements** means any Improvements made prior to the second anniversary of the date of this agreement solely by, or solely under the direct supervision of, an Inventor within the Field, and the Intellectual Property Rights pertaining to them, of which OUI has been made aware and is legally able to license, but shall not include, for the avoidance of doubt, any Improvements and Intellectual Property Rights developed pursuant to any employment or consultancy agreement with the Licensee.

**Legal Action** means commencing or defending any proceedings before a court or tribunal in any jurisdiction in relation to any rights included in the Licensed Intellectual Property including all claims and counterclaims for infringement and for declarations of non-infringement or invalidity.

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**Licence** means the licence granted by OUI to the Licensee under clause 2.1.

**Licensed Intellectual Property Rights** means the Application and (to the extent they constitute Intellectual Property Rights) Inventor Improvements.

**Licensed Know-how** means all confidential information relating to the Application or the technology described in the Application that has been communicated to the Licensee by OUI in writing before the date of this agreement or is communicated in writing to the Licensee by OUI under this agreement and within twelve (12) months after the date of this agreement and (to the extent they constitute confidential information) Inventor Improvements.

**Licensed Product** means any product, process, service or composition which is entirely or partially produced by means of or with the use of, or within the scope of, the Licensed Technology, or any of it.

**Licensed Technology** means the Licensed Intellectual Property Rights and the Licensed Know-How, and such (if any) other Intellectual Property Rights owned by or licensed to OUI as may be specifically identified in Schedule 2 (to the extent, in the case of licensed rights, that OUI is legally able to grant a sub-licence of the same).

**Licensee's Contact and Address** means the address for the Licensee set out in Schedule 2 of this agreement.

**Licensee Improvements** means any Improvements made prior to the second anniversary of the date of this agreement by the Licensee, and the Intellectual Property Rights pertaining to them which shall include, for the avoidance of doubt, any Improvements and Intellectual Property Rights developed by an Inventor pursuant to any employment or consultancy arrangement with the Licensee.

**Licence Year** means each twelve (12) month period beginning on the date of this agreement and each anniversary of the date of this agreement.

**Market** means, in relation to a Licensed Product, offering to sell, lease, licence or otherwise commercially exploit the Licensed Product or the sale, lease, licence or other commercial exploitation of the Licensed Product.

**Medicines Access Policy** means the policy of the University to promote access to pharmaceutical and other products and services, the current version of which is available at <https://researchsupport.admin.ox.ac.uk/policy/oxford/medicines>.

**Net Sales** means the gross selling price of the Licensed Product in the form in which it is Marketed by the Licensee, less:

- (a) trade, quantity or cash discounts actually given;
- (b) outbound carriage and packaging expenses actually paid;
- (c) customs duties, sales taxes or other taxes imposed upon and paid with respect to such sales (excluding personal taxes); and

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- (d) amounts allowed or credited or retroactive price reductions or rebates actually given/paid.

Any refund of any of the foregoing amounts previously deducted from Net Sales shall be appropriately credited upon receipt.

The Licensee may, at its option, allocate the above deductions from sales of Licensed Products based upon accruals estimated reasonably and consistently with the Licensee's standard business practices. If the Licensee elects to utilise such accruals, actual deductions will be calculated and, if applicable, a "true-up" made, on an annual basis.

A transfer of a Licensed Product (as a product) from Licensee to an Affiliate shall not be deemed to be a sale hereunder provided that if a sale of a Licensed Product is to an Affiliate of the Licensee and such Affiliate is the end user of the Licensed Product, then the "gross selling price " with respect to such sale shall, for the purposes of calculating "Net Sales", be the greater of (a) the sums actually received and (b) the sums which would have been received had such sale of the Licensed Product been to a person at arm's length with the seller.

**Non-Commercial Use** means Academic and Research Purposes and the purposes of Clinical Patient Care. This includes the right for the University to license the Licensed Technology to any of its collaborators in connection with and solely for the University's Academic and Research Purposes; but it does not include the right to grant any license to commercially exploit the Licensed Technology.

**Past Patent Costs** means the past patent costs set out in Schedule 2.

**Quarter** means each period of three calendar months during a Licence Year with the first Quarter commencing on the first day of each Licence Year.

**Royalty Rate** means the royalty rate or rates set out in Schedule 2.

**Royalty Report** means the report to be prepared by the Licensee under clause 10.2.

**Royalty Threshold** means Net Sales by the Licensee of £25 million.

**Sub-licensing Royalty Rate** means the sub-licensing royalty rate set out in Schedule 2.

**Territory** means the territory or territories set out in Schedule 2, excluding any territory or territories removed through the operation of clause 5.3.

**University** means the Chancellor, Masters and Scholars of the University of Oxford whose administrative offices are at the University Offices, Wellington Square, Oxford OX1 2JD.

**Valid Claim** means a granted or currently pending claim included in the Applications that has not expired nor been held permanently revoked, unpatentable, invalid or unenforceable by a court or tribunal of competent jurisdiction in a final and non-appealable judgment; nor been rendered unenforceable through disclaimer or otherwise abandoned.

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**Schedule 2**

**Application:** International Patent Application No. PCT/GB/ , which was filed on and entitled =

**PCT National Phase filing deadline:** [XXX]

**Inventor:**

**Territory (clause 2.1):**

**Field (clause 2.1):**

**Documents (clause 2.2):** [The Application and technical plans and scheme associated with OUI Projects [ ]].

**Past Patent Costs (clause 5.1):** [XXXXXX]

**Completion Fee (clause 8.1):** £50,000

**Royalty Rate (clause 8.2):** *[A rate between 0.5% to 2.5% to be determined according to the maturity of the Licensed Technology and expected profit margin of the Licensed Products:*

	<i>Low margin</i>	<i>Average margin</i>	<i>High margin</i>
<i>Mature Technology</i>	1%	1.5%	2.5%
<i>Immature technology</i>	0.5%	1.0%	1.5%
<i>Blue-sky technology</i>	0.5%	0.5%	0.5%

**Fee Income Royalty Rate (clause 8.5):**

- 15% where the Licensee enters into sublicensing or partnering arrangement prior to the third Licence Year.
- 10% where the Licensee enters into the sublicensing agreement or partnering arrangement in the third Licence Year.
- 5% where the Licensee enters into the sublicensing agreement or partnering arrangement after the third Licence Year.

**Sublicensing Royalty Rate (clause 8.6):**

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15% where the Licensee enters into the sublicence prior to the third Licence Year.

10% where the Licensee enters into the sublicence in the third Licence Year.

5% where the Licensee enters into the sublicence after the third Licence Year.

**Exit Buy Out Amount (clause 8.4):** £5million

**Exit Fee (clause ):** An amount equal to a percentage of the Exit Valuation calculated as follows:

2% on amounts up to the first £25million of the Exit Valuation

1% on amounts greater than £25million and less than £75million of the Exit Valuation

0.5% on any part of the Exit Valuation above £75million

Subject to an overall cap on the Exit Fee of £5 million

**Licensee's Contact and Address (clause 13.6):**

<b>Contact</b>	
<b>Address</b>	
<b>Fax</b>	

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**Schedule 3**

DEVELOPMENT PLAN

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**Schedule 4**

**DEED OF COVENANT**

Oxford University Innovation Limited  
University Offices,  
Wellington Square,  
Oxford OX1 2JD,  
England  
Date: *[insert date]*

Dear Sirs,

**Sub-Licence between [ ] and [insert details of Sub-Licensee] dated [insert date] (the "Sub-Licence")**

As part consideration for the grant of a sub-licence from [XXX] to use *[insert details of licensed technology]* (the "**Licensed Technology**"), the Sub-Licensee hereby covenant to Oxford University Innovation Limited (OUI) and OUI covenant with the Sub-Licensee that:

1. should the head licence between [XXX] and OUI be terminated for whatever reason, OUI and the Sub-Licensee shall enter into a direct licence containing the same obligations and liabilities as set forth in the Sub-Licence and the Sub-Licensee will pay all due and payable monies under the Sub-Licence to OUI;
2. should the Sub-Licensee wish to further sub-licence the Licensed Technology where OUI has consented to the Sub-Licence including the right to do so, it shall procure that any sub-sub-licencee enters into a Deed of Covenant with OUI in a form substantially similar to this Deed of Covenant;
3. OUI shall have the right, during the term of the Sub-Licence, through an independent certified accountant appointed by OUI (the "**Auditor**"), to audit all accounts on at least thirty (30) days' written notice no more than once each calendar year for the purpose of determining the accuracy of the royalty reports and payments. The Auditor shall be:
  - a. permitted to enter the principal place of business of the Sub-Licensee upon reasonable notice to inspect such records and accounts;
  - b. entitled to take copies of or extracts from such records and accounts;
  - c. given all other information by the Sub-Licensee as may be necessary or appropriate to enable the amount of royalties payable to be ascertained including the provision of relevant records; and
  - d. shall be allowed access to and permitted to conduct interviews of any sales, engineering or other staff of the Sub-Licensee in order to verify the accuracy of the records and accounts and the accuracy of any royalty statements provided to OUI.

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If on any such audit a shortfall in payments of greater than five percent (5%) is discovered by the Auditor in respect of the audit period, the Sub-Licensee shall pay the audit costs of OUI.

**SIGNED AS A DEED** by

***[Insert details of Sub-Licensee]*** in the presence of:-

Signature of Witness:

Name of Witness:

Address:

**SIGNED AS A DEED** by

**OXFORD UNIVERSITY INNOVATION LIMITED** in the presence of:-

Signature of Witness:

Name of Witness:

Address:

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**AS WITNESS** this agreement has been signed by the duly authorised representatives of the parties.

**SIGNED** for and on behalf of  
**OXFORD UNIVERSITY INNOVATION LIMITED:**

**SIGNED** for and on behalf of  
[.....]:

**Name:**  
**Position:**  
**Signature:**  
**Date:**

**Name:**  
**Position:**  
**Signature:**  
**Date:**