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Non-Binding Term Sheet

UWM Research Foundation, Inc.

Company

***Draft* Patent License Agreement**

Date

CONFIDENTIAL

To avoid any possible misunderstanding, neither Licensee nor UWMRF will have any obligation or liability of any nature to each other, unless and until the parties execute and deliver a definitive written agreement providing for such obligations or liabilities, and either party shall be free to terminate discussions at any time without obligation or liability to the other. Furthermore, delivery of this term sheet is not an offer to sell to any person, or a solicitation to any person to buy, securities of Licensee Corporation.

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**UWM RESEARCH FOUNDATION -
COMPANY NAME
CONFIDENTIAL SUMMARY OF TERMS FOR PROPOSED PATENT LICENSE AGREEMENT**

TECHNOLOGY TITLE:

OTT ID:

INVENTORS:

The intent of this document is to describe, for negotiation purposes only, certain principal terms of the UWM Research Foundation's ("UWMRF") Patent License Agreement ("PLA"). The Patent License Agreement will be negotiated and administered through UWMRF on behalf of the University of Wisconsin-Milwaukee. This document is not intended to be a binding agreement between the Parties with respect to the subject matter hereof, except for the paragraph immediately below regarding confidentiality. *It is understood that such terms provided below may change as a consequence of, but not limited to, future prevailing market conditions, research developments, improvements to the invention, changes in intellectual property strategy and status, changes in University of Wisconsin policy or procedures, etc.*

Confidentiality

The terms and conditions of this Term Sheet shall be confidential information and shall not be disclosed to any third party without the consent of the UWMRF and the potential Licensee (the "Parties"), except that the Parties may disclose the terms and conditions described in this Term Sheet including its existence to their respective officers, directors, employees, attorneys and other advisers, provided that such persons agree to the confidentiality restrictions contained herein.

Licensee	
Licensor	The UWM Research Foundation, Inc. ("UWMRF")
License Grant ("License")	<p>UWMRF proposes to grant to Licensee an [exclusive/ non-exclusive], royalty-bearing, worldwide license, under the Licensed Patent(s), to make or have made, use, sell or have sold, and import, or more generally to develop and commercialize product(s) covered by the Licensed Patents in the Field and in the Territory.</p> <p>The University of Wisconsin and UWMRF shall retain the right to publish its scientific findings related to the licensed patent(s) and/or patent application (s) and use the licensed patent(s) and/or patent application(s) for educational and research purposes.</p>
Licensed Patent(s)	Schedule of patents, patent applications, know-how and any other intellectual property owned, licensed or controlled by UWMRF, that is necessary to Licensees' development, use or sale of products
Licensed Field of Use ("Field")	The patent license will specify the field of use in which licensee may practice the licensed patent(s) and/or patent application(s). In some cases, a licensee is permitted to practice in all fields. In other cases, a licensee will be granted the right to practice only in a specific field which will be clearly

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	defined in the Patent License. The breadth of the Field of Use depends upon the licensee's ability to effectively commercialize the technology covered by the patent and/or patent applications, whether the license is non-exclusive or exclusive, the novelty of the technology, and the ability of the UWMRF to enter into further license agreements to expand commercialization to the public.
Territory	The Patent License will specify the territories in which a licensee may practice the patent(s) and/or patent application(s), and technology. In some cases, the territory will be worldwide. In other cases, the licensee's rights will be limited to a country or list of countries. The licensed Territory will reflect the UWMRF's evaluation of the licensee's ability to commercialize the technology in a given territory and the availability of other commercial partners who may be better able to commercialize the technology in a foreign or domestic market.
Sublicensing	For exclusive licenses, the License may be sublicensed by Licensee provided that the activities of any sublicensee will be attributed to Licensee for the purposes of the License and Licensee will remain responsible for the performance of any sublicensee under the PLA.
Intellectual Property	UWMRF will continue to own the Licensed Patents. UWMRF shall have the first right, but not the responsibility, to file, prosecute and maintain any patent applications or patents on any Joint Inventions. [Additional details TBD] If any portion of the Licensed Patent(s) is a "Subject Invention" pursuant to 35 U.S.C. secs. 200-212, the rights granted by UWMRF to Licensee under this Agreement shall be subject to the requirements of that statute and its implementing regulations.
Patent Prosecution	UWMRF, in consultation with Licensee, will control the preparation, filing, prosecution and maintenance of all Licensed Patents and/or patent applications and will own all licensed patents and/or patent applications.
Assignment	Licensee may not assign the PLA without the prior express written consent from the UWMRF. In the event such COMPANY rights are so assigned, or in the event of any transfer by operation of law (e.g., a merger or reorganization or consolidation of COMPANY), COMPANY, or its successor, must pay to UWMRF a non-refundable fee equal to _____ percent (X%) of the transaction value, upon the consummation of the assignment or transfer.
Term	This Agreement shall become effective on the Effective Date and, unless earlier terminated pursuant to this Article 4, shall remain in effect until the longer of (a) the expiration of all of COMPANY's payment obligations to UWMRF, or (b) the expiration of the last to expire Licensed Patent.

Licensing Fees & Payments

The Patent License Agreement will contain some combination of the following fees:

Each Patent License Agreement is negotiated and structured on a case by case basis, taking into account the value and stage of the technology. The following fees generally trade against each other and when available third party comparables are used as a minimum starting point. Certain categories of Fees or Payments may not be applicable to certain licenses based on the then current licensing conditions and the then current circumstances of the parties (i.e., it is not necessarily assumed that all categories of Fees and/or payments will be included in any definitive patent license agreement). The Licensee is encouraged to approach the fee process as a collaborative and interactive process that results in a fair agreement for both the Licensee and UWMRF.

Upfront Fees	\$ _____ will be paid to the UWMRF upon execution of the PLA.
Patent Expenses	<p>Company will reimburse UWMRF upon execution of PLA for past direct expenses accrued in connection with preparing, filing, prosecuting and maintenance of the Licensed Patents prior to the effective date of the PLA.</p> <p style="text-align: center;"><i>All UWMRF Patent PLA's must contain this provision. The reimbursement of past patent expenses by the Licensee is required under UWMRF policy. The preparation, filing and maintenance of U.S. and International patents represents a substantial risk the UWMRF has undertaken and will be reimbursed at the execution of the Patent License agreement. In some cases payments may be deferred for a very short term when a start-up is required to conserve its cash.</i></p> <p>In exchange for an exclusive license, beginning after the effective date of the PLA, Licensee shall reimburse UWMRF for direct costs in connection with the preparation, filing, prosecution and maintenance of the Licensed Patents (all such activities in collaboration with Licensee) whether domestic or foreign, and if foreign, whether in conjunction with patent treaties or foreign national filing.</p>
License Maintenance Fee	<p>Beginning on the _____ anniversary of the Effective Date of the PLA, \$ _____ will be paid to UWMRF upon each anniversary of the PLA until such time as royalties are paid.</p> <p><i>The license maintenance fee is an annual payment by the Licensee to partially cover the UWMRF's costs associated with administering the Patent License and patent(s) and/or patent application(s) thereunder. It also incentivizes the Licensee to bring products to market as quickly as practicable. In some cases License Maintenance Fee payments may be deferred for a term when a start-up is required to conserve its cash.</i></p>
Net Sales Royalty	<p>____% will be paid to UWMRF based on licensee revenue from net sales of licensed products or services attributable to Licensee. Reporting and timing of payments TBD.</p> <p><i>The UWMRF generally uses national averages in the calculation of its royalty rates based on comparable technologies in similar industries.</i></p>
Minimum Annual Royalty	<p>A minimum annual royalty shall apply following the first Sale of a Licensed Product anywhere in the Licensed Territory.</p> <p>Year 1 = _____ Year 2-3 = _____</p>

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	<p>Year 3-4 = Year 5+ =</p> <p><i>Minimum royalty payments are included in the Patent License agreements to ensure that the Licensee is making reasonable efforts to commercialize the technology covered by the licensed patent(s) and/or patent application(s). If sales of products do not result in payment of the identified minimums, the Licensee is required to pay the difference.</i></p>
<p>Sublicense Fees and Royalties</p>	<p>Licensee shall pay to the UWMRF ___ % of any and all fees, cash consideration, or the fair market value of non-cash consideration received from sublicensees. In addition, Licensee shall pay to the UWMRF a royalty which rate shall be the greater of (a) ___% of the royalty rate charged by Licensee on net sales by such sublicensee, or; (b) the same rate that would be due to the UWMRF from net sales by Licensee.</p>
<p>Equity (in cases of Start-up)</p>	<p>Licensee will issue _____ number of shares of Licensee’s Series ___ Preferred Stock which represents a valuation of \$_____ and equals ___% of the aggregate of all classes of Licensee’s shares on a fully diluted basis as of _____, 20__ (e.g., the Effective Date, the date of the Series ___ closing, etc.). Such issuance will be subject to acceptance by the UWMRF of the terms set forth in Licensee’s Series ___ Stock Purchase Agreement and related agreements governing shareholder rights which will contain terms and conditions common to all other Series ___ investors.</p> <p><i>In most cases, the UWMRF will accept an equity interest in lieu of certain cash payments. The UWMRF will be treated in the same manner as other stockholders holding similar shares invested in the Licensee (e.g. All rights and privileges that apply to stockholders holding Series A preferred stock must apply to UWMRF).</i></p>
<p>Commercial Milestone Payment</p>	<p>Licensee will pay to UWMRF a one-time, non-creditable, non-refundable payment upon the first occurrence of each the following events based on upon the sale of any product covered by the licensed patents:</p> <p style="padding-left: 40px;">-\$_____ during the first year in which global annual net sales of licensed products exceed \$XXX,000</p> <p style="padding-left: 40px;">-\$_____ during the first full year in which global annual net sales of licensed products exceed \$X,XXX,000</p> <p><i>Milestones may include, but are not limited to: Completion of Business Plan, Hiring of Management Team, Completion of Prototype, Submission of Grant, First Sublicense, Initiation of Clinical Trials (all phases), Initiation of FDA Filings, First Sale, Minimum Series A Funding of \$_____, etc.</i></p> <p><i>The UWMRF requires that its Licensees identify specific and quantitative goals that the Licensee expects to reach during the course of its commercialization of the licensed patents and technology. Since the UWMRF has a mandate that its inventions be developed in the interests of the public, it uses these guidelines to gauge the progress of the Licensee and to ensure that the technology is being actively commercialized.</i></p>

Development, Commercialization & Diligence

Development	<p>Licensee shall be fully responsible, including assuming all costs and expenses whether direct or indirect, for all product research, product development, regulatory approval (if required), marketing/ pricing approval (if required), market research, marketing, manufacturing development, manufacturing, packaging, and sales.</p> <p>Licensee agrees to provide UWMRF with a development plan that encompasses the steps necessary to allow the Licensed Patent(s) to be utilized to provide products for sale in the commercial marketplace.</p>
Diligence and Effort	<p>Each party will use commercially reasonable efforts to carry out its responsibilities under the patent License Agreement.</p> <p>Licensee shall use commercially reasonable efforts to develop and commercialize products covered by the Licensed Patents throughout the Territory and in any event use efforts no less than what it would expend for a project of similar scientific and commercial potential.</p>
Other Third Party Payments	<p>Licensee will be responsible for obtaining and maintaining all licenses and other rights required, if any licenses or rights are required, to develop and commercialize products covered by the Licensed Patents and will be responsible for paying all third-party royalties or other obligations related to such license or other rights.</p>
Other Matters	<p>The patent license agreement shall also contain other terms and conditions normally found in patent license agreements for products with a similar scope and potential. This includes, but is not limited to governance, dispute resolution, representations, warranties, indemnifications, record keeping, confidentiality, insurance, "claw back" rights, use of name and termination.</p>

For more information, please contact:

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