

WASHINGTON INNOVATION ADVANTAGE PROGRAM (WIAP)
Intellectual Property (Option 3)

1.0 Applicability and Definitions.

Notwithstanding any other terms in the Agreement into which this Exhibit is incorporated, the terms of this Exhibit describe the exclusive terms for creation, ownership, and licensing of Intellectual Property related to the Project. To the extent there is any conflict or inconsistency between this Exhibit and the Agreement, the terms of this Exhibit shall prevail. For purposes of the Agreement and this Exhibit F, the following definitions apply:

- 1.1 “Intellectual Property” and “IP” mean intellectual property rights in ideas, inventions, discoveries, know-how, useful designs and articles, works of authorship, computer programs, and non-patentable materials (including biological and living materials), including but not limited to patent, copyright, trade secret, and trademark rights recognized under any applicable state, federal, or common law of the United States, foreign countries, and international conventions.
- 1.2 “Project IP” means Intellectual Property developed by or on behalf of UW and its subcontractors in the course of and as a direct result of the Project. Project IP does not include Intellectual Property (i) that has been developed outside the term of this Agreement, (ii) that has been developed by persons not participating in the Project, (iii) that has been developed at the UW independently of the Project or has been developed by UW affiliates, faculty, employees, students, agents, or subcontractors independently of the Project, (iv) that consists of copyrightable materials, including scholarly works, to the extent that UW faculty, staff, and students have personal retained rights in such materials as provided in Section 2.B. of the UW IP Policy, or (v) that consists of trademarks, trade names, service marks, and service names.
- 1.3 “Background IP” means Intellectual Property not arising within the Project but of use to the Project, the rights to which are owned or controlled by UW, and which is expressly made available to the Project by UW as set forth below.
- 1.4 “UW IP Policy” means the UW’s “Patent, Invention, and Copyright Policy” (<http://www.washington.edu/admin/rules/policies/PO/EO36.html>), as it may from time to time exist, providing however, that any changes to the UW IP Policy after the Effective Date shall not operate to diminish any rights of Sponsor under this Agreement.

2.0 Intellectual Property Ownership and Rights.

The parties agree that ownership of and other rights in Intellectual Property, including Project IP, will be determined in accordance with the laws of the United States and the

State of Washington and the UW IP Policy. Except as otherwise expressly provided herein, neither party shall by reason of this Agreement or its performance obtain any right, title, license or other interest, either express or implied, to the other party's Intellectual Property.

3.0 Disclosure of Project IP.

UW will make all reasonable efforts to ensure that all investigators participating in the Project prepare, sign and submit regular written disclosures to a designated UW institutional official of all Project IP (the "Disclosure") prior to any public disclosure thereof. Within thirty (30) days of receipt of any such Disclosure, UW will provide Sponsor a copy thereof.

4.0 Sponsor's License to Reports and Data.

Providing that Sponsor has otherwise performed its material obligations under this Agreement, UW hereby grants to Sponsor a fully-paid, non-exclusive, royalty-free, license for Sponsor's internal use only, without right to sublicense or redistribute either commercially or non-commercially, to: (i) the written reports delivered to Sponsor as described in Section 1.4 of this Agreement; and (ii) the data produced by UW researchers during the course of performing the Project to the extent such data is reasonably and legally available, providing that Sponsor requests such data within thirty (30) days of receiving the final report and reimburses the UW for any additional reasonable costs incurred by the UW in reproducing the data. Sponsor understands and agrees that excepting only the rights granted under the foregoing license, UW retains full ownership of such reports and data.

5.0 Patents, Patent Costs and Option to Negotiate Project IP License.

- 5.1 Patenting and Project IP Protection. UW will have the sole and exclusive right to file, prosecute, direct, and otherwise manage, all United States and foreign patent and any other applications for the protection of Project IP, providing that during the term of the Agreement when reasonably feasible and practicable, the UW advises the Sponsor of such proposed action and provides Sponsor an opportunity to comment thereon.
- 5.2 Sponsor Cooperation. Sponsor agrees to reasonably cooperate with UW to diligently complete and perfect the applications described in section 5.1 above.
- 5.3 Reimbursement of UW for Patent and Application Costs. Sponsor agrees to reimburse the UW for all reasonable costs of filing and prosecuting patents and any other applications referred to in subsection 5.1 above.
- 5.4 Option to Negotiate License and Evaluation License. In consideration of and conditioned upon Sponsor's agreement to reimburse UW for the costs referred to in subsection 5.3 above, UW hereby grants Sponsor: (i) an option to negotiate a commercial license to Project IP and Background IP on the terms

described in Section 6.6 below (“Option to Negotiate License”), and (ii) an evaluation license on the terms described in Section 6.5 below (“Evaluation License”). In the event Sponsor fails to reimburse UW fully for all such costs within thirty (30) days of invoice, (i) Sponsor’s Option to Negotiate License and Evaluation License will automatically terminate upon thirty (30) days’ written notice thereof to Sponsor; and (ii) UW may abandon or cease prosecution of any United States and foreign patent and any other protection of Project IP.

6.0 Exercise of Option and Negotiation of Commercial License.

- 6.1 Option Period, Exercise and Termination. Sponsor will have a period of three (3) months from the date upon which UW provides a Disclosure to Sponsor to exercise the Option to Negotiate License. If Sponsor fails to exercise the Option to Negotiate License within such period by notifying UW in writing of its unconditional exercise thereof, Sponsor’s Option to Negotiate License will thereupon terminate, without further notice by the UW, at the end of such exercise period.
- 6.2 License Negotiation. If Sponsor exercises the Option to Negotiate License, Sponsor will have a period of three (3) months, commencing on the date of delivery to UW of Sponsor’s notice of exercise, in which to negotiate and execute a license for all or a portion of UW’s interest in Project IP that is the subject of the Disclosure and for Background IP. During such period, UW and Sponsor shall make reasonable good faith efforts to negotiate a license on commercially reasonable terms. Any commercial license rights granted to Sponsor shall require the Sponsor to pay royalties, license fees, and/or other valuable consideration to UW and shall be on other customary and usual terms, all of which shall be reasonable and mutually-agreeable to the parties.
- 6.3 Termination of Option to Negotiate License and Evaluation License. If UW and Sponsor fail to negotiate and execute a mutually acceptable license agreement during such period, the Option to Negotiate License and Evaluation License shall thereupon terminate without further notice unless extended in writing by UW.
- 6.4 Background IP. In the event Sponsor so elects in writing by completing the Background Intellectual Property list attached hereto, the UW shall include within the license described in subsection 6.5 of this Appendix, only such Background IP as is necessary and available, in the reasonable judgment of the UW, to practice and commercially exploit the Project IP that is the subject of the Option to Negotiate License; providing, however, such Background IP shall be included only to the extent consistent with existing and anticipated agreements between the UW and third parties and with any applicable laws, rules and regulations governing UW.

- 6.5 Sponsor's Evaluation License. UW hereby grants Sponsor a license to the Project IP described in each Disclosure provided to Sponsor under this Agreement for the limited purpose of internal evaluation and testing of Project IP by Sponsor. The Evaluation License shall not include any right to utilize Project IP for the purpose of making, using or selling any products, processes or methods. The term of the Evaluation License will begin upon receipt of a Disclosure to Sponsor and end at the completion or abandonment of the negotiation period described in section 6.2 of this Appendix.

Background Intellectual Property

[Numbered list and description of Background IP.]