NONEXCLUSIVE SOFTWARE LICENSE AGREEMENT

This Agreement between THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY ("Stanford"), an institution of higher education having powers under the laws of the State of California, and _______________________ ("*****"), a corporation having a principal place of business at _________________ is effective on the _____ day of ________________, 20__ ("Effective Date").

1. BACKGROUND

Stanford has certain rights to Software (insert marketing description here). It is entitled "_____________________", was developed in the laboratory of ______________________, and is described in Stanford Docket ____________. The Software was made in the course of research supported by the _______________________. Stanford wants to have the Software utilized and marketed as soon as possible so that resulting products may be available for public use and benefit.

2. DEFINITIONS

2.1 “Change of Control” means the following, as applied only to the entirety of that part of *****’s business that exercises all of the rights granted under this Agreement:

(A) acquisition of ownership—directly or indirectly, beneficially or of record—by any person or group (within the meaning of the Exchange Act and the rules of the SEC or equivalent body under a different jurisdiction) of the capital stock of ***** representing more than 35% of either the aggregate ordinary voting power or the aggregate equity value represented by the issued and outstanding capital stock of *****; and/or

(B) the sale of all or substantially all *****’s assets and/or business in one transaction or in a series of related transactions.

2.2 “Enhancements” means any changes made by ***** to the Software.

2.3 “Licensed Field of Use” means ____________________________.

2.4 “Licensed Product” means any computer program or maintenance and support services developed by ***** in the Licensed Field of Use that includes a material portion of or which are based on the Software. Licensed Product includes manuals and related documentation.

2.5 “Licensed Territory” means ____________________________
2.6 "Net Sales" means:

(A) all gross revenue derived by ***** from the exploitation of Licensed Products

(B) minus 5%.

2.7 “Software” means the source code and binary files known as “(Title)” provided to ***** pursuant to this Agreement. Software includes the “(Title)” user’s guide and any other material relating to the Software provided to ***** pursuant to this Agreement.

2.8 “Stanford Indemnitees” means Stanford, Stanford Health Care and Lucile Packard Children’s Hospital at Stanford, and their respective trustees, officers, employees, students, agents, faculty, representatives, and volunteers.

2.9 “End-User License” means any agreement or arrangement between ***** and any third party under which the third party may use, access or receive the benefit of a Licensed Product.

3. **GRANT**

3.1 **Grant.** Subject to the terms and conditions of this Agreement, Stanford grants *****:

(A) A nonexclusive license to use, copy, and modify Software as part of the development of Licensed Products; and

(B) A nonexclusive license to grant End-User Licenses to Software as part of a Licensed Product solely in the Licensed Field of Use and in the Licensed Territory.

3.2 **Patents.** Stanford does not grant any licenses under any Stanford patents or patent applications by this Agreement.

3.3 **Enhancements.** Stanford owns any Enhancements made by or for ***** and ***** hereby assigns all its right, title and interest to any Enhancements to Stanford. ***** will cause its employees and contractors to execute similar assignments to Stanford if necessary. ***** will deliver to Stanford a copy of the source code and documentation for all Enhancements used in a production environment. Any Enhancements the rights to which are assigned to Stanford and for which Stanford receives the source code and documentation are considered "Software" under this Agreement.

3.4 **Copyright.** ***** acknowledges that the Software, including its source code, is copyrighted Stanford University. ***** therefore agrees to respect the copyright and will only use the Software as permitted under this License Agreement.

3.5 **Software Distribution.** ***** will use source code for its own internal use and will only distribute object code in binary form to End-User Licenses.

3.6 **Term.** The licenses in Section 3.1 will terminate on ____________, unless earlier terminated under Section 15 of this Agreement.
4. **END-USER LICENSING**

4.1 **Restrictions.** ***** will distribute the Software only with the Licensed Product, and then only under an End-User License that:

(A) Prohibits any further sublicensing, copying or distribution of the Licensed Product;

(B) Does not provide a user with any right to the Software’s source code except under an escrow arrangement;

(C) Prohibits any reverse-engineering, reverse-compiling or other efforts to learn the source code of the Software; and

(D) Only allows an end-user to use the Licensed Product on its own behalf.

4.2 **Terms and Conditions.** Upon request by Stanford, ***** will provide to Stanford the general terms and conditions used for End-User Licensing of the Licensed Product.

4.3 **Payments in Lieu of Cash.** ***** may receive tangible items of value in lieu of cash payments from an End-User Licensee only if Stanford has given prior written consent.

5. **GOVERNMENT RIGHTS**

This Agreement is subject to Title 35 Sections 200-204 of the United States Code. Among other things, these provisions provide the United States Government with nonexclusive rights in the Licensed Patent. They also impose the obligation that Licensed Product sold or produced in the United States be “manufactured substantially in the United States.” ***** will ensure all obligations of these provisions are met.

6. **DILIGENCE AND OTHER OBLIGATIONS**

6.1 **Milestones.** ***** will diligently develop and sell Licensed Products and will diligently develop markets for Licensed Products. In addition, ***** will meet the following milestones and notify Stanford in writing as each milestone is met:

6.2 **Software Quality.** ***** will provide users of the Licensed Product with maintenance and support services that at least preserves the quality of the Software.

6.3 **Progress Report.** By March 1 of each year, ***** will submit a written annual report to Stanford covering the preceding calendar year. The report will include information sufficient to enable Stanford to satisfy reporting requirements of the U.S. Government and for Stanford to ascertain progress by ***** toward meeting this Agreement’s diligence requirements. Each report will describe, where relevant: *****’s progress toward commercialization of Licensed Products, including work completed, summary of work-in-progress, current schedule of anticipated events or milestones, market plans for introduction of Licensed Products, and significant corporate transactions involving Licensed Products.
6.4 **Clinical Trial Notice.** ***** will notify the Stanford University Office of Technology Licensing prior to commencing any clinical trials at Stanford.

7. **ROYALTIES**

7.1 **Issue Royalty.** ***** will pay to Stanford a noncreditable, nonrefundable license issue royalty of $___________ upon signing this Agreement.

7.2 **Annual Royalty.** Beginning ______________ and each __________ thereafter, ***** will pay Stanford a yearly license annual royalty of $_____. Yearly royalty payments are nonrefundable.

7.3 **Earned Royalty.** In addition to the annual royalty, ***** will pay Stanford earned royalties on Net Sales as follows:

7.4 **No Escrow.** ***** shall not pay royalties into any escrow or other similar account.

7.5 **Currency.** ***** will calculate the royalty on sales in currencies other than U.S. Dollars using the appropriate foreign exchange rate for the currency quoted by the Wall Street Journal on the close of business on the last banking day of each calendar quarter. ***** will make royalty payments to Stanford in U.S. Dollars.

7.6 **Non-U.S. Taxes.** *****s will pay all non-U.S. taxes related to royalty payments. These payments are not deductible from any payments due to Stanford.

7.7 **Interest.** Any payments not made when due will bear interest at the lower of (a) the Prime Rate published in the Wall Street Journal plus 200 basis points or (b) the maximum rate permitted by law.

8. **ROYALTY REPORTS, PAYMENTS, AND ACCOUNTING**

8.1 **Quarterly Earned Royalty Payment and Report.** Beginning with the first End-User License of a Licensed Product, ***** will submit to Stanford a written report (even if there are no sales) and an earned royalty payment within 30 days after the end of each quarter. This report will be in the form of Appendix A and will state the number of End-User Licenses for Licensed Products, description of Licensed Products licensed; names of end-users, and total royalties due. With each report ***** will include any earned royalty payment due Stanford for the completed quarter (as calculated under Section 7.3.)

8.2 **Termination Report.** ***** will pay to Stanford all applicable royalties and submit to Stanford a written report within 90 days after the license terminates. ***** will continue to submit earned royalty payments and reports to Stanford after the license terminates, until all Net Sales of Licensed Products licensed under this Agreement have been received.
8.3 **Accounting.** ***** will maintain records showing manufacture, importation, sale, and use of a Licensed Product for 7 years from the date of sale of that Licensed Product. Records will include general-ledger records showing cash receipts and expenses, and records that include: production records, customers, invoices, serial numbers, and related information in sufficient detail to enable Stanford to determine the royalties payable under this Agreement.

8.4 **Audit by Stanford.** ***** will allow Stanford or its designee to examine *****’s records to verify compliance with or payments made by ***** under this Agreement.

8.5 **Paying for Audit.** Stanford will pay for any audit done under Section 8.4. But if the audit reveals an underreporting of earned royalties due Stanford of 5% or more for the period being audited, ***** will pay the audit costs.

8.6 **Self-audit.** ***** will conduct an independent audit of sales and royalties at least every 2 years if annual sales of Licensed Products are over $5,000,000. The audit will address, at a minimum, the amount of gross sales by or on behalf of ***** during the audit period, the amount of funds owed to Stanford under this Agreement, and whether the amount owed has been paid to Stanford and is reflected in the records of the *****. ***** will submit the auditor’s report promptly to Stanford upon completion. ***** will pay for the entire cost of the audit.

9. **EXCLUSIONS AND NEGATION OF WARRANTIES**

9.1 **Negation of Warranties.** Stanford provides ***** the rights granted in this Agreement AS IS and WITH ALL FAULTS. ***** acknowledges that Stanford will not provide ***** with any maintenance or support for the Software. Stanford makes no representations and extends no warranties of any kind, either express or implied. Among other things, Stanford disclaims any express or implied warranty:

(A) of merchantability, of fitness for a particular purpose,

(B) of non-infringement; or

(C) arising out of any course of dealing.

10. **INDEMNITY**

10.1 **Indemnification.** ***** will indemnify, hold harmless, and defend all Stanford Indemnitees against any claim of any kind arising out of or related to the exercise of any rights granted ***** under this Agreement or the breach of this Agreement by *****.

10.2 **No Indirect Liability.** Stanford is not liable for any special, consequential, lost profit, expectation, punitive or other indirect damages in connection with any claim arising out of or related to this Agreement, whether grounded in tort (including negligence), strict liability, contract, or otherwise.
10.3 Workers’ Compensation. ***** will comply with all statutory workers' compensation and employers' liability requirements for activities performed under this Agreement.

10.4 Insurance. During the term of this Agreement, ***** will maintain Comprehensive General Liability Insurance, including Product Liability Insurance, with a reputable and financially secure insurance carrier to cover the activities of *****. The insurance will provide minimum limits of liability of $5,000,000 and will include all Stanford Indemnitees as additional insureds. Insurance must cover claims incurred, discovered, manifested, or made during or after the expiration of this Agreement and must be placed with carriers with ratings of at least A- as rated by A.M. Best. Within 15 days of the Effective Date of this Agreement, ***** will furnish a Certificate of Insurance evidencing primary coverage and additional insured requirements. ***** will provide to Stanford 30 days prior written notice of cancellation or material change to this insurance coverage. ***** will advise Stanford in writing that it maintains excess liability coverage (following form) over primary insurance for at least the minimum limits set forth above. All insurance of ***** will be primary coverage; insurance of Stanford Indemnitees will be excess and noncontributory.

11. EXPORT

***** and its end-user licensees will comply with all United States laws and regulations controlling the export of licensed Software, as applicable. These laws and regulations may include, but are not limited to, the Export Administration Regulations (15 CFR 730-774), the International Traffic in Arms Regulations (22 CFR 120-130) and the various economic sanctions regulations administered by the US Department of the Treasury (31 CFR 500-600).

Among other things, these laws and regulations may prohibit or require a license for the export or retransfer of certain software in source code or binary code to specified countries, entities and persons. ***** hereby gives written assurance that it will comply with, and will cause its end-user licensees, to comply with all United States export control laws and regulations, that it understands it may be held responsible for any violation of such laws and regulations by itself or its end-user licensees, and that it will indemnify, defend and hold Stanford harmless for the consequences of any such violation.

12. MARKING

12.1 ***** will not alter any copyright or proprietary rights notices in the Software, and include an appropriate notice of copyright (“© 20XX The Board of Trustees of the Leland Stanford Junior University”) within the Licensed Product.

13. STANFORD NAMES AND MARKS

***** will not use (i) Stanford’s name or other trademarks, (ii) the name or trademarks of any organization related to Stanford, or (iii) the name of any Stanford faculty member, employee, student or volunteer without the prior written consent of Stanford. Permission
may be withheld at Stanford’s sole discretion. This prohibition includes, but is not limited to, use in press releases, advertising, marketing materials, other promotional materials, presentations, case studies, reports, websites, application or software interfaces, and other electronic media.

14.  Intentionally Left Blank

15.  TERMINATION

15.1  Termination by *****.  ***** may terminate this Agreement by giving Stanford written notice at least 30 days in advance of the effective date of termination selected by *****.  ***** will cease all use of Software and destroy all copies of Software as of the date of termination.

15.2  Termination by Stanford.

(A)  Stanford may also terminate this Agreement if *****:

   (1)  Is delinquent on any report or payment;

   (2)  Is not diligently developing and commercializing Licensed Products;

   (3)  Misses a milestone described in Section 6.1;

   (4)  Does not enter into a new End-User License in any 6-month period after ***** enters its first End-User License;

   (5)  Is in breach of any provision; or

   (6)  Provides any false report.

(B)  Termination under this Section 15.2 will take effect 30 days after written notice by Stanford unless ***** remedies the problem in that 30-day period.

15.3  Surviving Provisions.  Surviving any termination or expiration are:

(A)  *****’s obligation to pay royalties accrued or accruable;

(B)  Any claim of ***** or Stanford, accrued or to accrue, because of any breach or default by the other party; and

(C)  The provisions of Sections, 8, 9 and 10, and any other provision that by its nature is intended to survive.
16. CHANGE OF CONTROL AND NON-ASSIGNABILITY

16.1 Change of Control. If there is a Change of Control, ***** will pay Stanford a $_____________ (“Change of Control Fee”) upon assignment of this Agreement per Section 16.2.

16.2 Conditions of Assignment under Change of Control. ***** may assign this Agreement as part of a Change of Control upon prior and complete performance of the following conditions:

(A) ***** must give Stanford 30 days prior written notice of the assignment, including the new assignee’s contact information; and

(B) the new assignee must agree in writing to Stanford to be bound by this Agreement; and

(C) Stanford must have received the full Change of Control Fee.

16.3 After the Assignment. Upon a permitted assignment of this Agreement pursuant to Section 16, ***** will be released of liability under this Agreement and the term “*****” in this Agreement will mean the assignee.

16.4 Bankruptcy. In the event of a bankruptcy or insolvency, assignment is permitted only to a party that can provide adequate assurance of future performance, including diligent development and sales of Licensed Product.

16.5 Nonassignability of Agreement. Except in conformity with Section 16.2 and Section 16.4, this Agreement is not assignable by ***** under any other circumstances and any attempt to assign this Agreement by ***** is null and void.

17. DISPUTE RESOLUTION

17.1 Dispute Resolution by Arbitration. Any dispute between the parties regarding any payments made or due under this Agreement will be settled by arbitration in accordance with JAMS Arbitration Rules and Procedures. The parties are not obligated to settle any other dispute that may arise under this Agreement by arbitration.

17.2 Request for Arbitration. Either party may request such arbitration. Stanford and ***** will mutually agree in writing on a third party arbitrator within 30 days of the arbitration request. The arbitrator’s decision will be final and nonappealable and may be entered in any court having jurisdiction.

17.3 Discovery. The parties will be entitled to discovery as if the arbitration were a civil suit in the California Superior Court. The arbitrator may limit the scope, time, and issues involved in discovery.
17.4 **Place of Arbitration.** The arbitration will be held in Stanford, California unless the parties mutually agree in writing to another place.

18. **NOTICES**

All notices under this Agreement are deemed fully given when written, addressed, and sent as follows:

All general notices to ***** are mailed or emailed to:

Name: _____________________________
Address: ___________________________
Email: _____________________________

All financial invoices to ***** (i.e., accounting contact) are e-mailed to:

Name: _____________________________
Email: _____________________________

All progress report invoices to ***** (i.e., technical contact) are e-mailed to:

Name: _____________________________
Email: _____________________________

All general notices to Stanford are e-mailed or mailed to:

Office of Technology Licensing  
3000 El Camino Real  
Building 5, Suite 300  
Palo Alto, CA 94306-2100  
info@otlmail.Stanford.edu

All payments to Stanford are mailed/transfered to:

Stanford University  
Office of Technology Licensing  
Department #44439  
P.O. Box 44000
San Francisco, CA 94144-4439

Bank Transfer - Wire or ACH:

Stanford University - OTL
c/o Wells Fargo Bank
420 Montgomery Street
San Francisco, CA 94104
Account Number.: 4945-159507
Routing Number: 121000248
Swift Number: WFBIUS6S

All progress reports to Stanford are e-mailed or mailed to:

Office of Technology Licensing
3000 El Camino Real
Building 5, Suite 300
Palo Alto, CA 94306-2100
info@otlmail.Stanford.edu

Either party may change its address with written notice to the other party.

19. MISCELLANEOUS

19.1 Waiver. No term of this Agreement can be waived except by the written consent of the party waiving compliance.

19.2 Choice of Law. This Agreement and any dispute arising under it is governed by the laws of the State of California, United States of America, applicable to agreements negotiated, executed, and performed within California.

19.3 Entire Agreement. The parties have read this Agreement and agree to be bound by its terms, and further agree that it constitutes the complete and entire agreement of the parties and supersedes all previous communications, oral or written, and all other communications between them relating to the license and to the subject hereof. The parties agree that this Agreement supersedes all previous and future purchase orders. This Agreement may not be amended except by writing executed by authorized representatives of both parties. No representations or statements of any kind made by either party, which are not expressly stated herein, will be binding on such party.

19.4 Exclusive Forum. The state and federal courts having jurisdiction over Stanford, California, United States of America, provide the exclusive forum for any court action between the parties relating to this Agreement. **** submits to the jurisdiction of such courts, and waives any claim that such a court lacks jurisdiction over **** or constitutes an inconvenient or improper forum.

19.5 Headings. No headings in this Agreement affect its interpretation.
19.6 **Electronic Copy.** The parties to this document agree that a copy of the original signature (including an electronic copy) may be used for any and all purposes for which the original signature may have been used. The parties further waive any right to challenge the admissibility or authenticity of this document in a court of law based solely on the absence of an original signature.

The parties execute this Agreement in duplicate originals by their duly authorized officers or representatives.

THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY

Signature: ____________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________

*****

Signature: ____________________________
Name: ________________________________
Title: ________________________________
Date: ________________________________