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 _______________________ ("Licensee"), 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.

(Special background of particular license. If a trademark is involved, many other requirements must be stated.)

2 DEFINITIONS

2.1 “Enhancements” means any changes made by Licensee to the Software.

2.2 “Licensed Field of Use” means ________________________________________.

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

2.4 “Net Receipts” means all gross revenue derived through the exploitation of the Licensed Product. Net Receipts are calculated at the time they are received by Licensee. Net Receipts excludes the following items (but only as they pertain to the use, copying, modification, and sublicensing of Licensed Products, are included in gross revenue, and are separately charged to customers):

   (A) Import, export, excise and sales taxes, and custom duties;

   (B) Charges for insurance, packing, and transportation from the place of manufacture to the customer’s premises or point of installation; and

   (C) Travel and labor charges for the installation and maintenance of Licensed Products.
2.5 “Software” means the source code and binary files known as “(Title)” provided to Licensee pursuant to this Agreement. Software includes the “(Title)” user’s guide and any other material relating to the Software provided to Licensee pursuant to this Agreement.

2.6 “Stanford Indemnitees” means Stanford and Stanford Hospitals and Clinics, and their respective trustees, officers, employees, students, and agents.

2.7 “Use Sublicense” means any agreement or arrangement between Licensee and any third party under which the third party may use, access or receive the benefit of a Licensed Product. (Should consider and explicitly define end uses or distribution mechanisms as known at the time of license: e.g., End User, OEM, Value-added Resellers (VAR), Resellers, Distributors)

3 GRANT

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

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

(B) A worldwide, nonexclusive license to grant Use Sublicenses to Software as part of a Licensed Product solely in the Licensed Field of Use.

3.2 Patents. Stanford does not grant any licenses under any Stanford patent or patent application by this Agreement. Stanford does covenant that, for the term of this Agreement, it will not assert against Licensee a claim that the Software or its use in accordance with any user’s guide or other material provided with the Software infringes any patent owned by Stanford. Licensee acknowledges that this covenant is not binding on any other party that may have any interest in any such patent, including any licensee of Stanford’s patent interests.

3.3 Enhancements. Stanford owns any Enhancements to the Software made by or for Licensee. Licensee hereby assigns all its right, title and interest to any Enhancements to Stanford. Licensee will cause its employees and contractors to execute a similar assignment to Stanford to the extent necessary. Enhancements otherwise are considered “Software” for purposes of this Agreement. Licensee will deliver a copy of all Enhancements to Stanford upon its release.

3.4 Term. The licenses in Section 3.1 will terminate on ______________, unless earlier terminated under Section 13 of this Agreement.

4 EXPORT

LICENSEE warrants that LICENSEE will not export or reexport the following, directly or indirectly, to any country, individual or entity except when such export or reexport is authorized in full compliance with the laws and regulations of the United States of America, as applicable:
(A) The licensed technology or software, or any portion thereof, or

(B) Any foreign produced direct product (including equipment, processes or services) of the licensed technology or software; or

(C) Any foreign produced direct product of a plant or major component of a plant if the direct product of the licensed technology is the plant itself or a major component of the plant.

Applicable laws and regulations may include, but are not limited to, the Export Administration Regulations, the International Traffic in Arms Regulations and the various economic sanctions regulations administered by the U.S Department of the Treasury.

5 LICENSEE OBLIGATIONS

5.1 Marking and Protection. Licensee will:

(A) Provide users of the Licensed Product with maintenance and support services that at least preserves the quality of the Software; and

(B) 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.

5.2 Use of Code. Licensee will use source code for its own internal use and will only distribute object code in binary form to Use Sublicensees.

6 SUBLICENSING

6.1 Restrictions. Licensee will distribute the Software only with the Licensed Product, and then only under a Use Sublicense 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 a sublicensee to use the Licensed Product on its own behalf.

6.2 Terms and Conditions. Upon request by Stanford, Licensee will provide to Stanford the general terms and conditions used in sublicensing Licensed Product.

6.3 Payments in Lieu of Cash. Licensee may receive tangible items of value in lieu of cash payments from a Use Sublicensee only if Stanford has given prior written consent.
7 COPYRIGHT

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

8 DILIGENCE

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

8.2 Progress Report. By March 1 of each year, Licensee 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 Licensee toward meeting this Agreement’s diligence requirements. Each report will describe, where relevant: Licensee’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.

9 ROYALTIES

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

9.2 Annual Royalty. Beginning ______________ and each _______ thereafter, Licensee will pay Stanford a yearly license annual royalty of $_____. Yearly royalty payments are nonrefundable, but they are creditable each year as described in Section 9.4

9.3 Earned Royalty. Licensee will pay Stanford earned royalties on Net Receipts as follows:

9.4 Creditable Payments. The annual royalty in 9.2 may be offset against earned royalty payments due on Net Receipts occurring in that year.

For example:

(A) if Licensee pays Stanford a $10 annual royalty payment for year Y, and according to Section 9.3 $15 in earned royalties are due Stanford for Net Receipts in year Y, Licensee will only need to pay Stanford an additional $5 for that year’s earned royalties.

(B) if Licensee pays Stanford a $10 annual royalty payment for year Y, and according to Section 9.3 $3 in earned royalties are due Stanford for Net Receipts in year Y,
Licensee will not need to pay Stanford any earned royalty payment for that year. Licensee will not be able to offset the remaining $7 against a future year’s earned royalties.

9.5 **Currency.** Licensee 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 Bank of America (San Francisco) foreign exchange desk, on the close of business on the last banking day of each calendar quarter. Licensee will make royalty payments to Stanford in U.S. Dollars.

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

9.7 **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.

10 **ROYALTY REPORTS, PAYMENTS, AND ACCOUNTING**

10.1 **Quarterly Earned Royalty Payment and Report.** Beginning with the first Use Sublicense of a Licensed Product, Licensee 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 calendar quarter. This report will be in the form of Appendix A and will state the number of Use Sublicenses for Licensed Products, description of Licensed Products sublicensed; names of sublicensees, and total royalties due. With each report Licensee will include any earned royalty payment due Stanford for the completed calendar quarter (as calculated under Section 9.3.)

10.2 **Termination Report.** Licensee will pay to Stanford all applicable royalties and submit to Stanford a written report within 90 days after the license terminates. Licensee will continue to submit earned royalty payments and reports to Stanford after the license terminates, until all Net Receipts of Licensed Products licensed under this Agreement have been received.

10.3 **Accounting.** Licensee 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.

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

10.5 **Paying for Audit.** Stanford will pay for any audit done under Section 10.4. But if the audit reveals an underreporting of earned royalties due Stanford of $5,000 or more for the period being audited, Licensee will pay the audit costs.
10.6 **Self-audit.** Licensee 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 Licensee 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 Licensee. Licensee will submit the auditor’s report promptly to Stanford upon completion. Licensee will pay for the entire cost of the audit.

11 **INDEMNITY, EXCLUSIONS AND NEGATION OF WARRANTIES**

11.1 **Negation of Warranties.** Stanford provides Licensee the rights granted in this Agreement AS IS and WITH ALL FAULTS. Licensee acknowledges that Stanford will not provide Licensee 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.

11.2 **No Indirect Liability.** Stanford is not liable for any special, consequential, lost profits, 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.

11.3 **Liability Limit.** Stanford’s maximum liability for any claim relating to this Agreement is limited to the amount of payments made by Licensee to Stanford in the year the claim arose.

11.4 **Indemnification.** Licensee 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 Licensee under this Agreement or the breach of this Agreement by Licensee.

12 **STANFORD NAMES AND MARKS**

Licensee will not identify Stanford in any promotional statement, or otherwise use the name of any Stanford faculty member, employee, or student, or any trademark, service mark, trade name, or symbol of Stanford or Stanford Hospitals and Clinics, including the Stanford name, unless Licensee has received Stanford’s prior written consent. Permission may be withheld at Stanford’s sole discretion.

13 **TERMINATION**
13.1 **Termination by Licensee.** Licensee may terminate this Agreement by giving Stanford written notice at least 30 days in advance of the effective date of termination selected by Licensee.

13.2 **Termination by Stanford.**

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

(1) Is delinquent on any report or payment;

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

(3) Misses a milestone described in Section 8.1;

(4) Does not enter into a new Use Sublicense in any 6-month period after Licensee enters its first Use Sublicense;

(5) Is in breach of any provision; or

(6) Provides any false report.

(B) Termination under this Section 13.2 will take effect 30 days after written notice by Stanford unless Licensee remedies the problem in that 30-day period.

13.3 **Surviving Provisions.** Surviving any termination or expiration are:

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

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

(C) The provisions of Articles 4, 7, 10, and 11 and any other provision that by its nature is intended to survive.

14 **ASSIGNMENT**

This Agreement may not be assigned. Any attempt to do so by Licensee is null and void.

15 **ARBITRATION**

15.1 **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. There parties are not obligated to settle any other dispute that may arise under this Agreement by arbitration.

15.2 **Request for Arbitration.** Either party may request such arbitration. Stanford and Licensee 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.
15.3 **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.

15.4 **Place of Arbitration.** The arbitration will be held in Stanford, California unless the parties mutually agree in writing to another place.

16 **NOTICES**

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

All general notices to Licensee are mailed to:

____________________________________
____________________________________
____________________________________

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

____________________________________
____________________________________

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

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

Office of Technology Licensing  
1705 El Camino Real  
Palo Alto, CA 94306-1106  
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  
1705 El Camino Real  
Palo Alto, CA 94306-1106  
info@otlmail.Stanford.edu

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

17 MISCELLANEOUS

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

17.2 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.

17.3 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. Licensee submits to the jurisdiction of
such courts, and waives any claim that such a court lacks jurisdiction over Licensee or constitutes an inconvenient or improper forum.

17.4 **Headings.** No headings in this Agreement affect its interpretation.

17.5. **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 __________________________

LICENSEE

Signature __________________________
Name __________________________
Title __________________________
Date __________________________