

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

NAME OF NTESS TECHNOLOGY
NONEXCLUSIVE RESEARCH LICENSE AND OPTION AGREEMENT
LICENSE NUMBER: XXXXXX

This limited research license and option agreement (the “Agreement”) is between National Technology & Engineering Solutions of Sandia, LLC (“NTESS”), manager and operator of Sandia National Laboratories (“SNL”) for the United States Department of Energy (hereinafter “DOE”) under contract DE-NA0003525, a limited liability company formed under the laws of the State of Delaware whose principal place of business is located in Albuquerque, New Mexico, and _____ (“Company”), organized under the laws of the State of _____ having a principal place of business located at _____ and is effective as of the date of the last signature below (“Effective Date”). Individually, NTESS and Company are the “Party”; collectively, NTESS and Company are the “Parties.”

BACKGROUND

- NTESS owns certain U.S. patent properties related to INVENTED TECHNOLOGY.
- The United States Government has reserved a nonexclusive license in all NTESS patents and inventions for use by or on behalf of the United States Government.
- NTESS has the right to grant options and licenses to practice the technology covered by those patent properties and wishes to deploy that technology for commercial development in the public interest.
- Company is interested in exploring commercial development of those patent properties and therefore wishes to obtain an option upon the terms and conditions set forth below to negotiate a license in a FIELD OF USE under those patent properties.

IN CONSIDERATION OF THE AGREEMENT BETWEEN NTESS AND COMPANY, and in consideration of the faithful performance of this Agreement, the Parties agree as follows:

The terms in this Agreement that are capitalized have the meanings set forth in Exhibit A of this Agreement.

1. LIMITED RESEARCH LICENSE AND OPTION

- 1.1. Subject to the terms and conditions of this Agreement and to the extent of NTESS’ rights, NTESS grants to Company for the OPTION PERIOD the option to

NTESS PROPRIETARY INFORMATION

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

negotiate a nonexclusive license under the PATENT RIGHTS within the FIELD OF USE (the "Option").

- 1.2. Subject to the terms and conditions of this Agreement and to the extent of NTESS' rights, NTESS grants to Company the right, during the OPTION PERIOD, to make, use and otherwise practice the PATENT RIGHTS solely for EVALUATION ACTIVITY in the FIELD OF USE. The research and development of technologies and/or LICENSED PRODUCTS pursuant to this Option Agreement shall substantially be carried out in the United States. Company is hereby informed that a similar restriction with respect to development and/or manufacturing of LICENSED PRODUCTS in the United States for the United States market will be required in any forthcoming license agreement under the PATENT RIGHTS.
- 1.3. The right to sell and offer for sale a LICENSED PRODUCT under the PATENT RIGHTS is expressly excluded under this Agreement. Company may describe and show potential LICENSED PRODUCT and plans for potential LICENSED PRODUCT to potential commercial partners and investors, and may test potential LICENSED PRODUCT. No fees may be charged in relation to the testing.
- 1.4. As partial consideration for the Option, Company shall pay to NTESS a non-refundable OPTION FEE within thirty (30) days of the Effective Date.
- 1.5. If the OPTION PERIOD expires without Company exercising its Option, or, if Company notifies NTESS in writing that it does not desire to exercise the Option, then Company shall provide NTESS a summary of the results of Company's evaluation of the technology of the PATENT RIGHTS and Company's reason for not exercising its Option. Thereafter, neither NTESS nor Company shall have any further obligation whatsoever to each other regarding the subject matter of this Agreement.
- 1.6. Express or implied rights and licenses outside the scope of Article 1 are expressly excluded.

2. PATENT PROSECUTION AND COSTS

- 2.1. During the OPTION PERIOD, NTESS shall bear the usual and customary cost of prosecuting and maintaining the U.S. patents and patent applications within PATENT RIGHTS. Notwithstanding the foregoing, if PATENT RIGHTS are subject to extraordinary costs, such as for a patent interference, derivation proceedings, post grant proceedings, patent appeal, or patent-related litigation, NTESS shall

NTESS PROPRIETARY INFORMATION

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

provide notice to Company of the nature of those extraordinary costs. Company shall have fifteen (15) business days to provide notice to NTESS that it is willing to bear the expense of those extraordinary costs during the OPTION PERIOD. If Company does not provide such notice, NTESS may decline to continue bearing such costs, even if such NTESS action or inaction results in the loss of PATENT RIGHTS.

- 2.2. NTESS shall make decisions regarding the prosecution of any patent applications at its own discretion. The United States Patent and Trademark Office ("USPTO") prosecutes patent applications and issues patents for patent applications found to have patentable subject matter. The USPTO provides no guarantee that applications will lead to the granting of issued patents, or that, when granted, any patents will be enforceable. NTESS makes no representation, promise, or warranty, express or implied, that NTESS will prosecute any patent applications within the USPTO such as to assure such application will issue as a patent or that any resulting patents will be enforced or enforceable. NTESS undertakes no obligation under this Agreement to file or prosecute patent applications outside of the United States.

3. LICENSE TO BE NEGOTIATED

- 3.1. Company may exercise the Option to negotiate a non-exclusive commercial license to make, have made, use, sell, lease and import LICENSED PRODUCT in the FIELD OF USE at any time within the OPTION PERIOD by providing to NTESS at least thirty (30) days prior to the end of the OPTION PERIOD: (a) written notice of its election; (b) a COMMERCIALIZATION PLAN (if not yet provided) that is acceptable to NTESS within its reasonable discretion; (c) documentation that Company has met the evaluation milestones identified in Exhibit C; and (d) a term sheet as described in Article 3.2. The license to import may be limited by provisions of the commercial license.
- 3.2. If Company elects to exercise the Option, the Company shall provide NTESS with the items listed in Article 3.1. The term sheet shall propose terms for the commercial license including an initial license fee, a royalty rate based upon sales, a commercialization and technical milestone schedule, annual minimum royalties, and patent cost reimbursements. The Parties shall then continue good faith negotiations to arrive at mutually acceptable and reasonable terms for that license, which may include negotiated terms from the term sheet and additional terms, such as: field of use, retained rights for noncommercial research and

NTESS PROPRIETARY INFORMATION

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

educational purposes, and other standard license terms of NTESS. That license shall also be subject to (a) Department of Energy nonexclusive, nontransferable, irrevocable, paid-up, worldwide licenses to practice or have practiced for or on behalf of the U.S. Government; (b) certain federal government march-in rights; and (c) the requirement to substantially manufacture LICENSED PRODUCTS in the U.S. and other U.S. competitiveness requirements.

4. CONFIDENTIALITY

- 4.1. Except as set forth in Article 4.2, no proprietary information shall be exchanged under this Agreement. A separate non-disclosure agreement shall be entered into for disclosure of proprietary information.
- 4.2. Company shall not disclose information relating to or contained in the NTESS patent applications or provisional patent applications listed in the PATENT RIGHTS to any third party without prior written approval of NTESS. Company shall limit access to information relating to or contained in the NTESS patent applications listed in the PATENT RIGHTS to those employees and contractors who require access for the enjoyments of the rights under this Agreement, and who are obligated in writing to not further disclose the information relating to or contained in NTESS patent applications. Upon issuance or publication of any specific NTESS patent application listed in the PATENT RIGHTS, Company's duty of non-disclosure for information contained in that specific patent application shall terminate.
- 4.3. The existence of this Agreement may be disclosed for business purposes by any Party, however, Company shall not disclose the financial terms and conditions, or this Agreement to any third party unless necessary to enforce the Parties legal rights under this Agreement.

5. DURATION AND TERMINATION

- 5.1. The Option and this Agreement shall automatically expire after the OPTION PERIOD unless extended in writing at NTESS' sole discretion.
- 5.2. If the Company does not respond to NTESS' request to negotiate or, following the end of the OPTION PERIOD, discontinues discussions for more than sixty (60) days, all rights of Company and obligations of NTESS to negotiate a license with the Company under this Agreement shall terminate at NTESS' sole discretion.

NTESS PROPRIETARY INFORMATION

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

- 5.3. NTESS may terminate this Agreement at its sole discretion if, at any time, Company fails to timely submit to NTESS any fee or other payment due to NTESS or commits any material breach of this Agreement.
- 5.4. Termination of this Agreement shall not relieve Company of its obligations or liability accrued during the OPTION PERIOD including the payment of any moneys due hereunder. Any provisions of this Agreement that by their nature are intended to survive the termination or expiration of this Agreement shall survive.

6. ADVERTISING

- 6.1. Company shall not use any name, trade name, trademark, or other designation of NTESS or SNL (including any contraction, abbreviation, or simulation) in advertising, publicity, or other promotional activities. Unless required by law, or unless otherwise agreed in advance in writing by NTESS, the use of the SNL Thunderbird Logo and names "Sandia National Laboratories," "NTESS," or "National Technology & Engineering Solutions of Sandia, LLC" by Company is expressly prohibited.
- 6.2. Company shall not, without the express written consent of NTESS, make any verbal or written statements or perform any act indicating that NTESS or SNL endorses or approves, or has endorsed or approved, any LICENSED PRODUCT or any service provided by Company or a third party.

7. LIMITED WARRANTY AND INDEMNIFICATION

- 7.1. THIS LIMITED RESEARCH LICENSE AND OPTION AND THE ASSOCIATED PATENT RIGHTS ARE WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. NTESS, ANY JOINT OWNER, AND DOE MAKE NO REPRESENTATION OR WARRANTY THAT LICENSED PRODUCTS WILL NOT INFRINGE ANY PATENT OR OTHER PROPRIETARY RIGHT. IN NO EVENT WILL NTESS, ANY JOINT OWNER, OR DOE BE LIABLE FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM EXERCISE OF THIS OPTION OR THE USE OF INVENTIONS AND TECHNOLOGY COVERED BY PATENT RIGHTS.
- 7.2. Nothing in this Agreement will be construed as:

NTESS PROPRIETARY INFORMATION

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

- 7.2.1. A warranty or representation by NTESS as to the validity, enforceability, or scope of any PATENT RIGHTS or the ability of the NTESS to obtain an issued patent on any patent application within PATENT RIGHTS, or any other warranty, either express or implied;
 - 7.2.2. A warranty or representation that anything made, used, or otherwise disposed of under any rights granted in the contemplated license agreement is or will be free from infringement of intellectual property of third parties;
 - 7.2.3. An obligation to bring or prosecute actions in any patent office or file suits against third parties for patent infringement in any jurisdiction;
 - 7.2.4. Conferring by implication, estoppel, or otherwise any rights under any intellectual property of NTESS other than PATENT RIGHTS as defined herein, regardless of whether such intellectual property is dominant or subordinate to PATENT RIGHTS; or
 - 7.2.5. An obligation to furnish any know-how or technical assistance not provided in PATENT RIGHTS.
- 7.3. Neither NTESS, joint owners of the PATENT RIGHTS, if any, the Government, nor their agents, officers and employees shall be liable for any loss, damage (including, incidental, consequential and special), injury or other casualty of whatsoever kind, or by whomsoever caused, to the person or property of anyone, including Company, its affiliates, partners, investors, successors, and assigns, arising out of or resulting from this Agreement or the licenses granted to Company herein, or the accuracy and validity of the PATENT RIGHTS. Company agrees for itself, its affiliates, successors and assigns, to indemnify, hold harmless and defend NTESS, any joint owners of the PATENT RIGHTS, and the Government harmless from and against all claims, demands, liabilities, suits or actions (including all reasonable expenses and attorney's fees incurred by or imposed on NTESS or the Government in connection therewith) for such loss, damage (including incidental, consequential and special), injury or other casualty arising out of or resulting from this Agreement or the licenses granted to Company herein.

NTESS PROPRIETARY INFORMATION

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

8. EXPORT CONTROL

- 8.1. Company shall abide by the applicable export control laws and regulations of the United States Department of Commerce, the United States Department of State and other Government regulations relating to the export of technology relating to LICENSED PRODUCT. Failure to obtain an export control license or other authority from the Government may result in criminal liability under U.S. laws.
- 8.2. **[ITAR CLAUSE]** Company shall abide by the export control laws and regulations of the United States relating to the export of PATENT RIGHTS. Information similar to PATENT RIGHTS has previously been classified as International Traffic in Arms Regulations (ITAR), 22 CFR 120-130 as export-controlled information requiring an export license from the U.S. Dept. of State. Licensee should obtain an export determination from the U.S. Dept. of State to verify the status of this information before any export or constructive export -- transfer of information to non-citizen within US borders. Failure to obtain an export control license or other authority from the Government may result in criminal liability under U.S. laws.

9. ASSIGNMENT

- 9.1. This Agreement may not be transferred (and no rights hereunder may be assigned, and no obligations hereunder may be delegated) without the express written consent of NTESS, and any such attempted assignment, delegation or transfer shall be void and shall terminate this Agreement at NTESS' sole discretion. For the purposes of this provision, any form of change of control of Company shall be deemed an impermissible transfer, whether or not such change of control would otherwise be deemed a transfer under applicable law. Any such transfer of rights or duties can only be made when Company is current on all obligations including financial obligations.
- 9.2. NTESS may assign, delegate, or otherwise transfer any rights or duties under this Agreement to any assignee or transferee.

10. CONTROLLING LAW

- 10.1. This License is made in Albuquerque, New Mexico, U.S.A., and shall be governed by and construed in accordance with the procedural and substantive laws of the State of Delaware except as these would require the application of the laws of another jurisdiction. The Parties agree to the exclusive jurisdiction of the courts of New Mexico or the United States District Court of New Mexico.

NTESS PROPRIETARY INFORMATION

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

- 10.2. Any controversies or disputes arising out of or relating to this License that cannot be resolved by the Parties' authorized representatives shall be sent to a non-binding third party mediation. Any controversy or dispute that was not successfully resolved through mediation may be resolved by binding arbitration in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association.

11. SEVERABILITY AND WAIVER

- 11.1. In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions of this Agreement.
- 11.2. The waiver of a breach of this Agreement, or the failure of either Party to exercise any right under this Agreement, shall not constitute a waiver as to any other breach, whether similar or dissimilar in nature, or prevent the exercise of any right under this Agreement.

12. ENTIRE AGREEMENT

- 12.1. The title and headings used in this Agreement are for reference purposes only and shall not be used in construction and interpretation of this Agreement.
- 12.2. The words "herein", "hereunder" and "hereby" refer to this Agreement as a whole and not to any particular provision of this Agreement.
- 12.3. This Agreement has been jointly negotiated and drafted by the Parties through their respective counsel and no provisions should be construed or interpreted for or against any of the Parties on the basis that such provision, or any other provision, or the Agreement as a whole, was purportedly drafted by the particular Party.
- 12.4. Each Party warrants and represents that the execution and delivery of this Agreement by NTESS and Company has not been induced by any promises, representations, warranties or other agreements, other than those specifically expressed herein. This Agreement incorporates by reference Exhibits A, B, C and D and embodies the entire understanding between Company and NTESS with respect to the subject matter described within this Agreement. This Agreement shall supersede all previous communications, representations or undertakings, either oral or written, between Company and NTESS with regard to the subject matter herein.
- 12.5. This Agreement shall not be binding upon the Parties until it has been signed by authorized representatives of both Parties. No modification of this Agreement shall be valid or binding upon the Party against whom enforcement of the modification is sought, unless the modification is made in writing, refers to this Agreement and is signed by duly authorized representatives of both NTESS and Company.

NTESS PROPRIETARY INFORMATION

DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.

IN CONSIDERATION OF THE FOREGOING TERMS AND CONDITIONS, Company and NTESS have caused this Agreement to be executed in duplicate by their duly authorized representatives.

**NATIONAL TECHNOLOGY &
ENGINEERING SOLUTIONS OF SANDIA,
LLC:**

COMPANY:

By: _____

Mary Monson

By: _____

Type Name

Title: Senior Manager, Integrated
Partnerships Organization

Title: _____

Date: _____

Date: _____

NTESS PROPRIETARY INFORMATION

**DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.**

EXHIBIT A

Definitions:

1. “COMMERCIALIZATION PLAN” means a reasonably detailed document describing the general market and business opportunity the Company expects to address using the PATENT RIGHTS; a set of product development and commercialization milestones; and the associated financial and personnel requirements to achieve those milestones.
2. “EVALUATION ACTIVITY” means [Insert evaluation or R&D activities to be undertaken by the Company during the OPTION PERIOD].
3. “FIELD OF USE” means the [Insert Field of Use]
4. “INVENTED TECHNOLOGY” means xxx
5. “LICENSED PRODUCT” means any apparatus, composition of matter, materials, product, service or process whose manufacture, use, practice, sale, lease, offer for sale, or importation would constitute an infringement of PATENT RIGHTS without a license from NTESS.
6. “OPTION FEE” is xxx dollars (\$xxx). [Note to LE: price may be dependent on (a) scope and/or number of patents; (b) the scope of the FIELD OF USE; and (c) potential value of the market for LICENSED PRODUCT. If both Parties are amenable, an extension to the OPTION PERIOD may be negotiated for an additional fee now or at a later date.]
7. “OPTION PERIOD” means [insert number of months] from the Effective Date of this Agreement.
8. “PATENT RIGHTS” means NTESS PATENTS and NTESS PATENT APPLICATIONS:
9. “NTESS PATENTS” means the patents referenced and described in Exhibit B of this Agreement, and any divisional, continuation, re-examination, or re-issue thereof including any patents that issue from NTESS PATENT APPLICATIONS listed in Exhibit B in the United States or any foreign country.
10. “NTESS PATENT APPLICATIONS” means the patent applications referenced and described in Exhibit B and any divisional, continuation, re-examination, or re-issue thereof.

NTESS PROPRIETARY INFORMATION

**DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.**

EXHIBIT B

NTESS Patents

[list issued patents to be included in license using this format: U.S. Patent No. X,XXX,XXX, *Title of Patent in Italics*, issued on Month Date, Year (SD# XXXXX.X)]

NTESS Patent Applications

[list patent applications to be included in license using this format: U.S. Patent Application No. XX/XXX,XXX, *Title of Application in Italics*, filed on Month, Date, Year (SD# XXXXX.X)]

NTESS PROPRIETARY INFORMATION

Rev. 05/01/2021

Nonexclusive License and Research Option

**DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.**

EXHIBIT C: EVALUATION MILESTONES

Example 1. Company will acquire a minimum of \$2,000,000 of external funding and submit proof of funding to NTESS within six (6) months of the execution date.

Example 2. Company will submit to NTESS within six (6) months of the Effective Date of this Agreement a detailed marketing analysis, cost estimate, and a three (3) year projection of sales.

Example 3. Company shall demonstrate to NTESS by [insert date] a working prototype of a LICENSED PRODUCT that either 1) meets the objective criteria listed below or 2) meets NTESS' sole satisfaction.

Objective criteria:

-
-
-

NTESS PROPRIETARY INFORMATION

**DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.**

EXHIBIT D

Notices

Any notice with respect to this License shall be deemed to be given on the date when sent by facsimile transmission with receipt of confirmation or when mailed by certified or registered mail, return receipt requested, addressed to the Party to be notified, at its address set forth below. All notices and payments made to NTESS shall include the License number and the invoice number.

1. Statements and Notices to NTESS:

Sandia National Laboratories
Attention: Licensing Agreements Administrator, Org. 1982
Ref: License #1 _ - _____, Invoice No. (insert invoice no.)
P. O. Box 5800/Mailstop 0114
Albuquerque, NM 87185-0114
Telephone: 505-844-0236
Facsimile: 505-844-8011
Email: licenseadmin@sandia.gov

2. Payments to NTESS:

- 2.1 To Send Payments via Standard Mail
Sandia National Laboratories
Ref: License #1 _ - _____, Invoice No. (insert invoice no.)
P.O. Box 5520
Albuquerque, NM 87185-5520
- 2.2 To Send Payments via Overnight Courier
Sandia National Laboratories
1515 Eubank SE
Mail Stop 1387
Albuquerque, NM 87123
- 2.3 To Send Payment via ACH
Sandia National Laboratories
ABA No. 107002312
Account No. 156402162564

3. Notices to Company:

Company Name
Attention:

Telephone: _____

NTESS PROPRIETARY INFORMATION

**DRAFT DOCUMENT
FOR DISCUSSION PURPOSES ONLY. THIS IS NOT AN OFFER.**

Facsimile: _____

Email: _____

NTESS PROPRIETARY INFORMATION

Rev. 05/01/2021

Nonexclusive License and Research Option