

INTER-INSTITUTIONAL AGREEMENT FOR THE MANAGEMENT OF INTELLECTUAL PROPERTY

Made and entered into by and between

**RHODES UNIVERSITY**

A university incorporated in terms of the Higher Education Act, 1997, and the statute of the Rhodes University, promulgated under Government Notice No. 1199 of 20 September 2002, whose administrative offices are located at Room 204, Main Admin Building, Drostdy road, Grahamstown, 6139, South Africa, herein represented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in his/ her capacity as Technology Transfer Manager

(hereinafter referred to as “Lead Party”)

and

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_[DESCRIPTION OF ORGANISATION TO BE INSERTED],** having its principal place of business at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, herein represented by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in his/ her capacity as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(hereinafter referred to as “Supporting Party”)

PREAMBLE

WHEREAS collaborative research was undertaken by Inventors at both the Lead Party and at the Supporting Party which has resulted in a joint invention, which is owned by the Lead Party and the Supporting Party in the percentage proportions defined in Share;

AND WHEREAS both Parties have separate agreements with their respective Inventors whereby the Inventors have agreed to assign all right, title and interest in the joint invention to their respective institutions, and whereby the joint Inventors agree to assist their respective institutions in preparing, filing, prosecuting, defending and maintaining patent applications and patents relating to the invention throughout the world;

AND WHEREAS the Parties wish to put in place arrangements for the joint management and Exploitation of the invention in accordance with the terms and conditions contained hereinbelow.

NOW THEREFORE THE PARTIES HEREBY AGREE AS FOLLOWS:

1. INTERPRETATION

In this Agreement, unless the context otherwise indicates:-

* 1. the headings to clauses of this Agreement are inserted for reference purposes only and shall not govern or affect the interpretation thereof;
	2. any annexures to this Agreement form an integral part hereof and words and expressions defined in this Agreement shall bear, unless the context otherwise requires, the same meaning in such annexures;
	3. unless the context clearly indicates a contrary intention, words importing the singular shall include the plural and vice versa;
	4. reference to any one gender shall include the other gender and any reference to a natural person shall include a legal persona and vice versa;
	5. where the day on or by which anything is to be done is not a business day; it shall be done on or by the first business day thereafter;
	6. where any number of days is prescribed in this Agreement, these shall be reckoned as calendar days, exclusively of the first, inclusively of the last day, unless the last day falls on a weekend or on a public holiday, in which case the last day shall be the next succeeding day which is not a weekend or a public holiday.
1. DEFINITIONS
	1. In this Agreement, unless clearly inconsistent with or otherwise indicated by the context, the definitions set out hereinbelow shall apply:
		1. “Agreement” means this Inter-Institutional Agreement for the management of Intellectual Property between the Parties captured in this document, together with any annexures, which are incorporated herein by reference;
		2. “Business Day” means any day other than a Sunday, Saturday or public holiday in the Republic of South Africa;
		3. “Commercialisation Costs” means all out of pocket expenses incurred by the Parties in the Commercialisation of the IPR’s, (not including costs attributed to time spent by the Lead Party’s employees) including:
			1. Registration Costs, for which the Lead Party has not sought reimbursement by the other parties to Commercialisation Agreements;
			2. legal expenses incurred in relation to Commercialising IPR’s;
			3. costs of seeking licensees of the IPR’s or other parties to be involved in Commercialisation of the IPR’s;
			4. costs of monitoring compliance with Commercialisation Agreements and collecting money owing under them;
			5. relevant pre-approved travel, insurance or transportation costs;
			6. government fees, taxes (other than income and withholding taxes), duties, charges or imposts paid or payable in relation to Commercialisation Income net of input tax credits; and
			7. any other out-of-pocket expenses and pre-approved costs as agreed between the Parties incurred by the Lead Party in carrying out Commercialisation of the IPR’s.
		4. “Commercialisation Handling Fee” means the fee due and payable by the Supporting Party to the Commercialising Party in accordance with clause 0 hereinbelow;
		5. “Commercialisation Income” means all royalties, licence fees, option fees, proceeds from selling shares and any other monetary proceeds from the Exploitation of the IPR’s received by the Lead Party but does not include research funding received from a licensee by any Party;
		6. “Commercialise and/ or “Commercialisation” means the process by which the intellectual property shall be exploited commercially, whether directly or indirectly by the Lead Party through intellectual property transactions, joint ventures, strategic alliances, integration and/or any other commercial transaction or endeavour, including to conduct research on and develop, make, have made, use, import and offer for sale and sell any licensed product(s) or service that embodies or utilises the  intellectual property, and “Commercialise” shall have a corresponding meaning;
		7. “Confidential Information” means information which either has been identified in writing as confidential or is of such a nature or has been disclosed in such a manner that it should be obvious to the receiving Party that it is claimed as confidential relating to this Agreement and all information, know-how or data that is disclosed by the one Party to the other Party for the purposes of this Agreement before, on or after the date of this Agreement relating to the operations, business, research and IPR’s of the disclosing Party, excluding information which is:
			1. publicly available or subsequently becomes publicly available other than in a breach of this Agreement;
			2. lawfully known to the other Party on a non-confidential basis before being disclosed by the Party that owned the Confidential Information;
			3. rightly acquired from a third party who is not in breach of an agreement to keep such information confidential; or
			4. developed independently by a Party;
		8. “Effective Date” means the date on which the last Party to this Agreement signs this Agreement;
		9. "Exploit or Exploitation” means: generally to develop, manufacture, use and market;
			1. in relation to IPRs, the exercise of the rights exclusively granted to the holder of such IPRs by the laws of the jurisdiction in which the IPRs subsist;
			2. in relation to a product, kit, apparatus, substance, documentation or information resource (or any part of such materials), to develop, make, distribute, market, sell, hire out, lease, supply, or otherwise dispose of it; and
			3. in relation to a method or process, to use the method or process or to develop, make, distribute, market, sell, hire out, lease, supply, or otherwise dispose of a product, kit or apparatus, the use of which is proposed or intended to involve the exercise of the method or process;
		10. Exploitation Agreements” means any agreement granting Exploitation rights and/or option for a licence in or to the IPR’s and/or any other agreements entered into under clause 0 relating to the IPR’s;
		11. “Inventors” means the originators of the novel ideas, technologies, designs, processes and general contributors to intellectual property and development thereof;
		12. “IPR Act” means Intellectual Property Rights from Publicly Financed Research and Development Act No. 51 of 2008;
		13. “IPRs” means all registered and unregistered intellectual property rights in relation to present and future copyright, trade-marks, designs, know-how, Patents or patent applications which are based on the invention in respect of the Patent or patent applications which claim priority from, or are divided from, or are continuations of any such Patents or patent applications, plant varieties, confidential information and all other intellectual property as defined in article 2 of the Convention establishing the World Intellectual Property Organisation 1967;
	2. “Lead Party” means the party which shall primarily be responsible for the activities associated with the Exploitation of the IPR’s;
		1. “Net Commercialisation Income” means Commercialisation Income less payments or reimbursements of all Commercialisation Costs; and the Commercialisation Handling Fee as contemplated in clause 8 hereinbelow;
		2. “Parties” means the Lead Party and the Supporting Party and “Party” means either of them, as the context requires;
		3. “Patents” means those patents and patent applications arising from the priority founding document with application number \_\_\_\_\_\_\_\_\_\_\_\_\_, attached hereto as Annexure “A”, including any continuations, continuations in part, extensions, reissues, divisions, and any patent supplementary protection certificates and similar rights based on, or deriving priority from them;
		4. “Registration Costs” means fees, costs and expenses (including patent attorney and legal fees and expenses) incurred in connection with obtaining grants of patent rights over the IPR’s and maintaining the same and includes all expenses incurred in making and prosecuting patent applications and dealing with any opposition to any application for such registrations and any challenge to the validity of any such registrations;
		5. “Restrictions” means the terms of the Term Sheet as set out in Annxure “A” hereto and the applicable legislation referred to in clause 6 hereinbelow;
		6. “Share” means the percentage reflected here:

|  |  |  |
| --- | --- | --- |
| Share of IPR’s Ownership and of Net Commercialisation Income | Party | Share |
| LEAD PARTY | [INSERT]% |
| SUPPORTING PARTY(IES) | [INSERT]% |
| TOTAL | 100% |

1. OWNERSHIP OF RIGHTS

The Parties agree that each Party owns the IPR’s in accordance with the definition for Share in clause \_\_ hereinabove, which is based upon the contributions of the Inventors to the creation of the Intellectual Property as set out hereinbelow:

|  |  |  |
| --- | --- | --- |
| **Inventor Name** | **Institution** | * 1. **Share in Creation of Intellectual Property**
	2. **(%)**
 |
|  |  |  |
|  |  |  |
| * 1. TOTAL
 |  | 100 |

1. LEAD PARTY

The Parties appoint the Lead Party as the Party to Commercialise the IPR’s for the duration of this Agreement subject to the terms and conditions of this Agreement. In the event that the Lead Party fails to perform in accordance with its mandate in accordance with the terms of this Agreement, the Parties may agree to change the Lead Party by means of a written amendment to this Agreement.

1. EXCLUSIVE RIGHTS

The Supporting Party grants the Lead Party the exclusive right to lead the Commercialisation of the IPR’s, subject to any restrictions contained in this Agreement and the Term Sheet.

1. RESEARCH AND TEACHING PURPOSES

For the avoidance of doubt, the Lead Party and the Supporting Party can continue to use the IPR’s for research, teaching and publication purposes, subject to the requirements for publication as set out in clause 11.2.5 below. The Parties will ensure that Commercialisation Agreements for the IPR’s shall make provision for such rights to be retained.

1. APPLICABILITY OF LEGISLATIVE REQUIREMENTS

The following legislative requirements shall apply to the Exploitation Agreements in the event that South African Government funding is involved and/or IP is being assigned/licensed to a foreign entity

* 1. Exploitation Agreements will where applicable be compliant with South African Exchange Control Regulations and as South African Government funding was involved in the creation of IPRs the IPR Act, [delete if not applicable] as well as the National Environmental Management Biodiversity Act, 2004 [delete if not applicable] and shall include the following provisions:
		1. Any Exploitation Agreement involving the exclusive licensing or assignment of IPRs to a non-South African entity shall contain a suspensive condition specifying that such agreement shall only come into full force and effect on the aforementioned approval being granted by the South African Exchange Control authorities as relating to the South African owned IPRs. In the event that the South African Exchange Control authorities do not furnish the necessary approval, such licence agreement or assignment shall be of no further force or effect.
		2. In terms of IPR Act, the South African Government has been granted a non‑transferable, irrevocable, royalty-free worldwide licence to practice or have practised on its behalf the licensed Intellectual Property for South Africa’s emergency health, emergency safety and other emergency purposes.
	2. The National Intellectual Property Management Office has the right, in terms of IPR Act, to intervene where the Lead Party is not able to continue with the commercialisation of the licensed Intellectual Property in South Africa.
	3. The Supporting Party acknowledges that Commercialisation of the IPR’s outside of the Republic of South Africa may require permission for export from the Reserve Bank of South Africa.
	4. The Lead Party shall have the responsibility and bear the expense of obtaining the necessary approval from the South African Exchange Control authorities where this is required in terms of the Exchange Control regulations.
1. IPRs
	1. Prosecution Responsibility
		1. The Parties agree to proceed with the patent protection of the IPRs and to share the legal expenses at the time that they arise related to such protection in accordance with their respective Shares.
		2. The Lead Party is responsible for prosecuting and maintaining patent rights in the IPRs, in consultation with the Supporting Party.
		3. All patent rights in the IPR’s are to be applied for in the names of the Parties jointly, or if the law of the place of application so requires, in the names of the Inventors and assigned to the Parties jointly.
		4. The Lead Party will copy the Supporting Party on all correspondence relating to the IPR’s including filing, prosecution and maintenance of IPRs, and will keep the Supporting Party informed of any material developments relating to the IPRs. In return the Supporting Party must timeously review all such correspondence and provide comments in writing to the Lead Party as soon as reasonably possible after receiving such correspondence.
		5. If the Lead Party does not wish to or declines to file, maintain or renew any patent rights or otherwise apply for registration in any country or countries, or if the Lead Party elects to abandon (or does not wish to maintain or renew) any issued patent or pending patent application or other registration, the Lead Party shall provide the Supporting Party with prompt written notice thereof so that the Supporting Party will have ample time in advance of the next filing deadline for such patent application or patent or other registration to determine whether it wishes to (i) file such patent application or otherwise apply for such registration in such country or countries or (ii) assume responsibility for the maintenance or prosecution of such filed patent application or issued patent or other registration in such country or countries.
		6. Upon receipt of such written notice under clause 6.1.5, the Supporting Party shall have the right (i) to request that the Lead Party assign to the Supporting Party for no or nominal consideration all Patent Rights in the relevant country so as to enable the Supporting Party to file a patent application or seek other registration in its own name (and/or in the name of the Lead Party) in the relevant country or to assume responsibility for the maintenance or prosecution of any issued patent or pending patent application or other registration in its own name (and/or in the name of the Lead Party) in the relevant country, solely at the Supporting Party’s expense, and (ii) to so file a patent application or so apply for other registration in its own name (and/or in the name of the Lead Party) in the relevant country or to assume responsibility for the maintenance or prosecution of any issued patent or pending patent application or other registration in its own name (and/or in the name of the Lead Party) in the relevant country, solely at the Supporting Party’s expense.
	2. Registration Costs
		1. Each Party shall reimburse the other for any Registration Costs, which relate to work carried out or instructions issued in prosecuting and maintaining the IPRs prior to the date of this Agreement in accordance with their respective Shares.
		2. The Supporting Party will reimburse the Lead Party for Registration Costs which relate to work carried out or instructions issued in prosecuting and maintaining patent rights in the IPRs at the time at which they arise after the date of this Agreement in accordance with their respective Share, where these costs have not been directly invoiced to each Party by the patent attorneys. The Lead Party shall instruct the relevant patent attorneys to directly invoice each of the Parties for their respective Share of the Registration Costs.
		3. Each Party’s obligations in terms of this clause 8.28.1.6 will be reduced to the extent that and for so long as third parties have entered into Commercialisation Agreements to pay the Registration Costs.
	3. Infringement by Third Parties
		1. Each Party must promptly give the other Party(ies) full information on any suspected infringement by a third party of the IPRs (“Third Party Infringement”) of which it becomes aware.
		2. If a Third Party Infringement occurs, then the Parties will consult as to the appropriate course of action and may decide to jointly institute legal proceedings or any other actions (“Enforcement Action”).
		3. Subject to clause 8.3.3.3 below, costs associated with the Enforcement Action shall be:
			1. jointly covered by the Parties in accordance with their respective Share; and
			2. considered Commercialisation Costs and rewards and financial benefits will be considered Commercialisation Income.
			3. Any sums recovered with respect to any such Enforcement Action shall be applied first to reimburse out-of-pocket expenses incurred by the Lead Party and Supporting Party relating to the Enforcement Action and the remaining sums shall be deemed Net Commercialisation Income hereunder and shall be shared by the Parties as set forth in the definition for Share.
		4. If a Party determines it will not participate in an Enforcement Action or, once an Enforcement Action has been instituted, does not wish to continue pursuing the Enforcement Action, that Party will notify the other Party in writing that it is unwilling to take part in or continue with the Enforcement Action. The remaining Party may then prosecute the Enforcement Action in its own name and at its own expense, and the non-participating Party will not be entitled to any share of the income derived from the Enforcement Action.
		5. Each Party’s rights and obligations under clause 8.2.3 are subject to any rights and obligations of third parties relating to the Enforcement Action under Exploitation Agreements.
2. COMMERCIALISATION

Lead Party

* 1. The Lead Party agrees to use reasonable endeavours to:
		1. Commercialise the IPRs;
		2. monitor the performance under the Exploitation Agreements;
		3. report to the Supporting Party regularly, and at least on an annual basis, on the performance under the Exploitation Agreements. This report shall include a detailed schedule of Commercialisation Costs incurred to date as well as any Commercialisation Income; and
		4. collect money payable under the Exploitation Agreements; and
		5. distribute the Share in Net Commercialisation Income due to the Supporting Party.
	2. Supporting Party

The Supporting Party agrees to use reasonable endeavours to support the successful Commercialisation of the IPRs and to cooperate with the Lead Party in order to Commercialise the IPRs.

* 1. Speculative Nature

The Parties acknowledge that the outcome of efforts to Commercialise the IPR’s is speculative and uncertain and the Lead Party will not be liable to the Supporting Party merely because it does not successfully Commercialise the IPR’s.

* 1. Exploitation Agreements
		1. The Parties will agree, prior to any commercial negotiation with a third party, on the principal terms which are to form part of any Exploitation Agreement with such third party (“Term Sheet”).
		2. Each Party agrees that upon the Term Sheet being agreed to between the Lead Party and a third party, the Lead Party is entitled to negotiate Exploitation Agreements in respect of the IPR’s on an arms’ length basis and based on the standard terms and conditions as set out in Annexure A which provide the minimum provisions which are to be included in the Term Sheet.
		3. If a potential licensee rejects any of the terms as set out in Annexure A, the Parties will in good faith seek alternative terms and conditions, provided that such terms proposed by the licensee are not in conflict with the provisions of any applicable legislation and shall be subject to the legislative requirements set out in clause 7 hereinabove, if applicable. Further, such alternatives as may be proposed by the licensee are to be subject to all Parties’ written approval, to be advised in a timely manner, and which approval is not to be unreasonably withheld.
		4. The Lead Party shall be responsible for the execution any Exploitation Agreement negotiated by the Lead Party, provided that the terms of such agreement are consistent with the terms of clause 0 and the general terms and conditions for such agreements as set out in Annexure A.
	2. Information and Meetings
		1. Upon request, the Lead Party will provide the Supporting Party with updates on developments in the Commercialisation of the IPR’s.
		2. The Supporting Party will timeously notify the Lead Party of any opportunities to Commercialise the IPR’s of which it becomes aware.
		3. Any Party may, on reasonable notice (not less than 30 (thirty) days) and with an agenda outline, convene a meeting of appropriate and relevant representatives of each Party to review the progress of the Commercialisation of the IPR’s and the other Party agrees to participate in that meeting. All minutes of meetings must be agreed to and signed by all attendees of such meeting.
1. MONETARY OBLIGATIONS
	1. Distribution of Commercialisation Income

Out of any Commercialisation Income, the Commercialisation Costs and Commercialisation Handling Fee (if applicable) are to be paid in the following order of priority:

* + 1. first, any un-reimbursed Commercialisation Costs which are not Registration Costs, are to be paid to the Lead Party;
		2. second, the Commercialisation Handling Fee (if applicable) is to be paid to the Lead Party.

The remaining amount in Commercialisation Income, if any, constitutes the Net Commercialisation Income, which shall be apportioned between the Parties in accordance with their Share.

* 1. Payment of Net Commercialisation Income

Within 60 (sixty) days of the Lead Party receiving any amount in Commercialisation Income, if there is any Net Commercialisation Income remaining from the Commercialisation Income, the Lead Party must remit to the Supporting Party its Share of the Net Commercialisation Income. Alternatively, the Lead Party may arrange for any Net Commercialisation Income owing to the Supporting Party to be paid to the Supporting Party directly by any licensee out of the monetary proceeds from Commercialisation of the IPRs. Pursuant to reimbursement of Commercialisation Costs, the Parties may mutually agree to hold all or a portion of any remaining Net Commercialisation Income in anticipation of future Commercialisation Costs.

* 1. Commercialisation Losses and Fee

The Lead Party bears the risk of Commercialisation Income not exceeding Commercialisation Costs and is not entitled to pass those losses onto the Supporting Party (if no Fee is used, then agreed costs should be shared and this clause should be amended]. As compensation for bearing this risk and in consideration of the Lead Party performing its role under this Agreement, the Lead Party is entitled to the Commercialisation Handling Fee (if applicable) in the amount of [15%] (Fifteen percent), of the Commercialisation Income in the manner described in clause 8.1 above.

* 1. Statements

Each payment of a Party’s Share of Net Commercialisation Income must be accompanied by a statement signed by an authorised officer of the Lead Party which sets out the amount received in Commercialisation Income, the Commercialisation Expenses deducted, the amount in Net Commercialisation Income remaining and each of the Party’s Shares.

* 1. Records and Review

The Lead Party agrees to maintain appropriate, true and accurate records, in accordance with generally accepted management accounting practices, of:

* + 1. prosecution and maintenance of the IPR’s;
		2. Commercialisation Income;
		3. Commercialisation Costs;
		4. Exploitation Agreements; and

to make these records available for review by the Supporting Party, at the Lead Party’s facilities, once per annum upon a request made on reasonable notice.

The Supporting Party will have the right to hire an independent, certified public accountant reasonably acceptable to the Lead Party to audit financial records relating to license revenue and/or Commercialisation Costs at its own expense. Such audits may be exercised during normal business hours upon at least 30 (thirty) days prior written notice to the Lead Party.

* 1. Shortfalls

If, after review of the Lead Party’s records under clause 0, a shortfall is identified in the Net Commercialisation Income which was recorded in statements provided under clause 0, the Lead Party will pay to the Supporting Party its Share of that shortfall within 30 (thirty) days.

1. CONFIDENTIALITY

Each Party must maintain the confidentiality of the Confidential Information and must:

* 1. not use the other’s Confidential Information except as required for the performance of this Agreement;
	2. not disclose the other’s Confidential Information to any other person other than to the following third parties (each a “Representative”), in each case only to the extent required for the purposes of this Agreement;
		1. employees and advisors;
		2. potential licensees; and
		3. investors, potential investors and consultants retained by the Lead Party,

provided that all Representatives have entered into appropriate confidentiality obligations;

* + 1. take all action necessary to maintain the confidential nature of the Confidential Information; and
		2. return (or destroy if requested) all documents and other materials in any medium in its possession, power or control which contain or refer to any Confidential Information on the earlier of demand by the other Party or the time the documents and other material are no longer required to Commercialise the IPR’s.
1. PUBLICITY
	1. Association Approval

Neither Party will use the other Party’s name or the name of the other Party’s employees or refer to any matters the subject of this Agreement in any public manner whatsoever including in any capital raising, business, advertising or other promotional material without the approval of the other Party, which may be withheld in the other Party’s absolute discretion, granted subject to conditions, or subsequently withdrawn.

* 1. Public Announcements

A Party may not make press or other announcements or releases relating to this Agreement or associated Exploitation Agreements without obtaining the prior written approval of the other Party and/or party to an Exploitation Agreement to the form and manner of the announcement or release, unless and to the extent that the announcement or release is required to be made by the Party by law.

1. WARRANTIES AND LIABILITIES
	1. Mutual Warranties

Each Party warrants that at the date of this Agreement:

* + 1. it has full corporate power and authority to enter into, perform and observe its obligations and duties under this Agreement and that the execution and performance of this Agreement by it has been duly and validly authorised by all necessary corporate action;
		2. this Agreement and the transactions contemplated by this Agreement do not contravene its constituent documents or any law, regulation or official directive or any of its obligations or undertakings by which it or any of its assets are bound or cause a limitation on its powers or of its directors and officers to be exceeded;
		3. its obligations under this Agreement are valid and binding and enforceable against it in accordance with their terms; and
		4. subject to any Restrictions which are described in clause 1.1.19 and in so far as it is aware:
			1. it is entitled to Commercialise its rights in the IPR’s in accordance with this Agreement;
			2. it owns all right, title and interest in and to its respective Share of the IPRs; and
			3. it has not licensed, assigned or in any way disposed of or encumbered any right, title or interest in or to the IPRs.
		5. Implied Warranties

To the extent permitted by law, each Party excludes all implied terms, representations and warranties whether statutory or otherwise relating to the subject matter of this Agreement other than as expressly set out in this Agreement.

1. ASSIGNMENT
	1. Assignment by either Party

The rights of each Party under this Agreement are personal. Subject to clause 14.2 below, neither Party may assign, charge, transfer or otherwise encumber or dispose of any of their rights under this Agreement or its rights in any patent or patent application in the IPRs (“Dealing”) unless the prior written consent of the other Party has been obtained, which consent can only be withheld on reasonable grounds or subject to reasonable conditions, including the entry into a novation or assignment agreement.

* 1. In the event of Government funding being involved, the following provisions need to be included in such assignment:
		1. In the event that a Party decides not to retain ownership in the IPR’s or to proceed with any patent or patent application, where applicable (“Non-Retaining Party”), the Non-Retaining Party shall comply with the requirements of the IPR Act where applicable, as more fully contemplated in clause 7.  In complying with the provisions of the IPR Act, the Non-Retaining Party shall:
			1. first, make an appropriate referral to the National Intellectual Property Management Office (“NIPMO”); and
			2. second, if NIPMO elects not to take ownership in the IPR’s or to proceed with any patent or patent application, the Non-Retaining Party shall offer to assign the IPR’s to the co-funder of the IPR’s; and
			3. third, if the co-funder of the IPRs elects not to have assigned to it ownership in the IPRs or to proceed with any patent or patent application, the Non-Retaining Party shall offer the rights to the Party’s Inventors,

it being agreed that in all cases where the assignment of IPRs is made by a Non-Retaining Party, the assignment shall be made together with the Non-Retaining Party’s rights and obligations under this Agreement.

* + 1. If the Non-Retaining Party does not need to comply with the provisions of the IPR Act, then the Party concerned may assign its rights in the IPR’s or any patent or patent application in the IPR’s, but only together with its rights and obligations under this Agreement, to its Inventors as required to comply with any statute, internal rule or regulation.
		2. In the event that the Non-Retaining Party is a South African entity, such party can first offer the assignment of the IPR’s to the other party to this Agreement for a fee on market related terms, subject to NIPMO approval. Failing such approval, the steps outlined above shall be followed.
1. TERM AND TERMINATION
	1. This Agreement is in full force and effect from the Effective Date and remains in effect until the later of either:
		1. the date of expiration of the last of any granted patents within the IPRs; or
		2. the last date of expiration of any Exploitation Agreements; or on termination in terms of clause 15.2 of this Agreement.
	2. The Supporting Party shall review the progress with respect to the Exploitation of the IPRs by the Lead Party after 5 (five) years from the Effective Date of this Agreement. If no Exploitation Agreement has been executed or is in negotiation by this time and the Lead Party has not made satisfactory progress in progressing to Commercialisation and to conclusion of Exploitation Agreements, the right to Commercialisation of the IPRs shall revert to the Supporting Party and a suitable amendment to this Agreement shall be agreed upon in writing by the Parties. The Parties shall continue to review the progress of the Commercialisation activities on a three yearly basis thereafter. Nothing herein will be construed to release either Party of any obligation matured prior to the effective date of termination, or rescind any payments made or due before termination. Upon termination, the Parties shall be entitled to commercialise independently of each other.
	3. Termination of this Agreement shall not affect the obligation of the terminating party to pay its share of Registration Costs. Payment of such Registration Costs shall continue for the life of each patent contained in the IPR’s. Should either Party decline to pay for its share of Registration Costs, it shall so notify the other Party in writing.
	4. Termination of this Agreement shall not affect any Exploitation Agreement(s) then in existence, and Net Commercialising Income received from such Exploitation Agreement(s) shall be distributed as set forth in this Agreement. Any license agreement(s) granted after termination of this Agreement shall not contain terms that would create a breach by the Lead Party or the Supporting Party of the provisions of any Exploitation Agreement(s) granted prior to termination. Each Party will be solely responsible for distributing any monies received from its own Commercialisation according to its own policies. Apart from the obligation to share Commercialisation Costs in relation to any Exploitation Agreements and apart from the obligations accrued prior to termination, the Parties will have no further rights or obligations under this Agreement after effective termination.
2. BREACH
	1. If either Party commits a breach of this Agreement and/or fails to comply with any of the provisions hereof (“the Defaulting Party”), then the other party (“the Innocent Party”) shall be entitled to give the Defaulting Party 14 (fourteen) days’ notice in writing to remedy such breach and/or failure and if the Defaulting Party fails to comply with such notice, then the Innocent Party shall forthwith be entitled but not obliged, without prejudice to any other rights or remedies which the Innocent Party may have in law, including the right to claim damages:
		1. to cancel this Agreement, provided that the breach is of a material term of this Agreement which goes to the root of this Agreement and cannot be compensated for in monetary terms; or
		2. to claim immediate performance and/or payment of such obligations.
3. INDEMNITY

Each of the Parties (each an Indemnifying Party) shall keep the other Party (each an Indemnified Party), both during and after the term of this Agreement, fully and effectively indemnified against all losses, damage, injuries, deaths, expenses, actions, proceedings, demands, costs and claims, including, but not limited to legal fees and expenses, suffered by the Indemnified Party or any third party where such loss, damage, injury or death is not the result of gross negligence or wilful misconduct of the Indemnifying Party or any of its representatives.

1. DISPUTE RESOLUTION

Should any disputes arise between the Parties in connection with this Agreement or any items not covered by this Agreement, the Parties shall use their best efforts to resolve the dispute through negotiation between the Parties, who shall be represented by the executive directors of the Parties’ or their nominees. Any such dispute not satisfactorily settled by the Parties shall be settled by arbitration in accordance with the rules of the Arbitration Foundation of South Africa and shall be heard in Cape Town, South Africa. Nothing herein shall preclude either Party from seeking interim equitable relief from a court of competent jurisdiction. A request by a Party to a court for interim relief shall not affect either Party’s obligation hereunder to arbitrate. The award of such arbitration shall be final and binding on the Parties and shall not be subject to appeal to any court, and may be entered in the court of competent jurisdiction for execution forthwith.

1. CO-OPERATION
	1. Each of the Parties hereby undertakes to:
		1. do and to procure the doing by other persons, and to refrain and procure that other persons will refrain from doing, all such acts; and
		2. pass and to procure the passing of all such resolutions of directors, shareholders or stakeholders of any organisation or legal entity,

to the extent that the same may lie within such Party’s power and may be required to give effect to the import or intent of this Agreement, or any contract concluded pursuant to the provisions of this Agreement.

1. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Republic of South Africa.

1. NOTICES AND PLACE OF SERVICE
	1. The Parties hereby choose as the place for the service of all notices for all purposes under this Agreement at their respective addresses as follows:

Lead Party:

Supporting Party:

* 1. Any notice given and any payment made by a Party to any of the others (“the addressee”) which :-
		1. is delivered by hand during the normal business hours of the addressee at the addressee’s service address for the time being shall be presumed, unless the contrary is proved by the addressee, to have been received by the addressee at the time of delivery;
		2. is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at the addressee’s service address for the time being shall be presumed, unless the contrary is proved by the addressee, to have been received by the addressee on the fourth day after the date of posting;
		3. is transmitted by telefax during normal business hours of the addressee shall be presumed, unless the contrary is proved by the addressee, to have been received by the addressee within one hour after receipt of transmission; and
		4. is sent by email, shall be deemed to have been successfully delivered, transmitted or relayed and to have been received by the addressee on the Business Day it is sent (if sent during normal business hours) or (if sent after normal business hours) the following Business Day.
		5. Notwithstanding the provisions of clause 21.2 hereinabove, in the event that a written notice or any process is actually received by a Party, such receipt shall be valid for all purposes under this Agreement notwithstanding that it was not received at a Party’s chosen address for service of notices.
1. GENERAL
	1. This Agreement contains the entire agreement concluded between the Parties and supersedes all previous agreements, understandings and negotiations on that subject matter.
	2. If there is an inconsistency between a provision of the Agreement and these annexures, the terms of the Agreement shall prevail.
	3. Nothing contained or implied in this Agreement is intended to create a partnership between the Parties or, except as otherwise provided in this Agreement, establish any of the Parties as an agent or representative of another Party. Except as otherwise provided in this Agreement, no Party has any authority to bind another Party, or to act for, or to incur any obligation or assume any responsibility on behalf of, another Party in any way.
	4. A provision of this Agreement or a right created under it, may not be waived or varied except in writing, signed by the Party or Parties to be bound. A failure or delay in exercise of a right arising from a breach of this Agreement does not constitute a waiver of that right.
	5. If the whole or any part of a provision of this Agreement is void, unenforceable or illegal in a jurisdiction in which this Agreement is performed it is severed for that jurisdiction. The remainder of this Agreement has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause 22.5 has no effect if the severance alters the basic nature of this Agreement or is contrary to public policy. In that event, the Parties agree to use their respective reasonable efforts to negotiate a substitute, valid and enforceable provision which most nearly effects the Parties’ commercial intent in entering into this Agreement.
	6. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement as at the date of signature of the Party last signing one of the counterparts. The Parties undertake to take whatever steps may be necessary to ensure that both counterparts are duly signed by each of them without delay.

SIGNED AT ON THIS THE DAY OF 20\_\_.

|  |  |
| --- | --- |
| AS WITNESSES: | FOR: [LEAD PARTY] |
| 1. |  |
| 2. | Who warrants that he is duly authorised thereto |
| Name of Signatory:  |  |
| Capacity of Signatory:  |  |

SIGNED AT ON THIS THE DAY OF 20\_\_.

|  |  |
| --- | --- |
| AS WITNESSES: | FOR: [SUPPORTING PARTY] |
| 1. |  |
| 2. | Who warrants that he is duly authorised thereto |
| Name of Signatory:  |  |
| Capacity of Signatory:  |  |

ANNEXURE A

COMMERCIALISATION AGREEMENTS

SALIENT TERMS TO BE INCLUDED IN TERM SHEET

The Commercialisation Agreement is to comply with the provisions of the IPR Act and where necessary must acknowledge the contribution of the South African Government in accordance with the IPR Act. Accordingly, where applicable, the following standard clause shall appear in such Commercialisation Agreement:

“The intellectual property under this transaction was created with support from the South African Government; (under the contract number, where applicable) awarded by (identify the Funding Agency or relevant government department, where applicable). The South African Government has certain rights to the intellectual property in terms of sections 11(1)(e), 11(2) and 14 of the Intellectual Property Rights from Publicly Financed Research and Development Act No. 51 of 2008 (“IPR Act”).”

The licensed intellectual property was created with support from the South African Government and is subject to the requirements of the IPR Act. The South African Government has certain rights to the intellectual property in terms of sections 11(1)(e), 11(2) and 14 of the IPR Act.

The National Intellectual Property Management Office has the right, in terms of the IPR Act, to intervene where the licensee is not able to continue with the commercialization of the licensed intellectual property in the Republic of South Africa.

The South African government is hereby granted a non‑transferable, irrevocable, royalty free worldwide licence to practice or have practised on its behalf the Licensed Intellectual Property for Republic of South Africa’s emergency health, emergency safety and other emergency purposes. Furthermore the South African Government will be entitled by law to compel the granting of licenses in accordance with the prescribed process in the event of a failure to commercialise the licensed intellectual property for the benefit of the people of the Republic of South Africa.

Obligations to Exploit the IPR’s and comply with reasonable performance criteria and termination and claw-back provisions in the event of under-performance.

A perpetual, royalty-free and paid up licence of the IPR’s of the Parties for research, teaching and publication rights in accordance with this Agreement.

Patent prosecution and maintenance to be performed by the Lead Party with the costs of such prosecution and maintenance to be recovered in whole from an exclusive license or option to an exclusive license and in part from a non-exclusive license or option to a non-exclusive license, in addition to the recovery of past patent expenses by Parties.

Definitions of the products which, may be developed, manufactured and sold using the IPR’s.

Terms ensuring that the licensee bears the sole risk of Exploiting the IPR’s, including products liability and IPRs infringement risks, and indemnities in favour of the Parties and those employed by them, against claims arising from use of the IPR’s by the licensee or those authorised by the licensee.

Disclaimers as to any representations and/or warranties in respect of the IPR’s, including their potential, use, exploitability and/or that the IPR’s do not infringe third party’s rights including IPRs.

Agreed limitations on the liability of the Parties and exclusions of consequential loss.

Rights to inspect and audit records and accounts.

Restrictions on sub-licensing or assigning the IPR’s without the consent of the Lead Party.

Restrictions on the use of the Parties’ names.

A suspensive condition, where necessary, of the necessary approvals required from the South African Reserve Bank in respect of exchange control in respect of the licensing of South African owned IP to a non-South African entity.

The payment of royalties and the magnitude of the minimum royalty payable on net revenues for either an exclusive or non-exclusive license.