

EXCLUSIVE LICENSE AGREEMENT

Parties to the Agreement: Regents of the University of Colorado, a body corporate, for the University of Colorado Boulder; and Diagnamed, Inc.

University Case Number: CU5481B-01

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This **EXCLUSIVE LICENSE AGREEMENT** is between the Regents of the University of Colorado, a body corporate, for the University of Colorado Boulder, having an office at 4845 Pearl East Circle, Suite 300, Boulder, Colorado 80301 (“**University**”) and Diagnamed, Inc., a corporation having its principal office at 82 Richmond Street East, Toronto, ON M5J 2G2 (“**Licensee**”).

BACKGROUND

1. University is the owner of the Licensed Patents (“**Licensed Patents**” has the meaning assigned to it in Article 1) related to University Case Number(s) CU5481B.
2. University wants the invention(s) described in the Licensed Patents developed and marketed as soon as possible so that the resulting products may be available for public use and benefit.
3. Licensee wants to license the Licensed Patents for the purpose of developing and commercializing products covered by the Licensed Patents.

Accordingly, the parties agree as follows:

GENERAL TERMS AND CONDITIONS

Article 1 Definitions

1.1 **Definitions.** The terms defined in the Preamble above have their assigned meanings and the following terms, whether used in the singular or plural, have the meanings assigned to them.

- (a) “**Agreement**” means this Exclusive License Agreement, as amended from time to time.
- (b) “**Diligence Report**” means the report described in **Appendix B**.
- (c) “**Effective Date**” means the date of last signature of the parties to this Agreement.
- (d) “**Fair Market Value**” means the cash price that would be paid in an arm’s length transaction between two unrelated parties.
- (e) “**Field of Use**” has the meaning assigned to it in **Appendix A**.
- (f) “**Insolvency**” means

- (i) having generally ceased to pay debts in the ordinary course of business other than as a result of a bona fide dispute;
 - (ii) being unable to pay debts as they become due; or
 - (iii) being insolvent within the meaning of federal bankruptcy law.
- (g) **“Licensed Patents”** means
- (i) The United States and foreign patent(s) or nonprovisional patent application(s) or provisional patent applications listed in **Appendix A**, the patents issued therefrom, including any reissues, reexaminations, extensions of such patents, and any registrations, supplementary protection certificates and renewals of any such patents or patent applications, and all rights and priorities in any of the foregoing.
 - (ii) All divisional and continuation patent applications that take priority from those patents and patent applications listed in **Appendix A**, and the patents issued therefrom, including any reissues, reexaminations, extensions of such patents, and any registrations, supplementary protection certificates and renewals of any such patents or patent applications, and all rights and priorities in any of the foregoing.
 - (iii) Claims of any continuation-in-part applications that take priority from those patents and patent applications listed in (i) and (ii) and resulting patents to the extent they are directed to subject matter described in the patents and patent applications listed in (i) and (ii), and any registrations, supplementary protection certificates and renewals of any such patents or patent applications, and all rights and priorities in any of the foregoing.
- (h) **“Licensed Product”** means any product, service, or process, the making, use, offer for sale, sale, importation or rendering of which would infringe one or more Valid Claims in the country in which it is made, used, sold, offered for sale, imported, or rendered; or any product that is manufactured, or any service that is rendered, using a process that would infringe one or more Valid Claims in the country in which it is made, used, sold offered for sale, imported, or rendered.
- (i) **“Net Sales”** means the gross amounts invoiced on sales arising from any Licensed Products by Licensee or Sublicensees. Net Sales excludes the following items, but only to the extent they pertain to sales arising

from any Licensed Products, are included in gross sales, are separately stated on purchase orders, invoices, or other documents of sale, and are reported on the relevant Royalty Report:

- (i) Customary trade, quantity, or cash discounts and non-affiliated brokers' or agents' commissions actually allowed and taken.
- (ii) Amounts repaid or credited by reason of rejection or return.
- (iii) Taxes levied on and other governmental charges made as to production, sale, transportation, delivery or use and paid by or on behalf of Licensee or Sublicensee, as applicable.

Net Sales also includes the Fair Market Value of any non-cash consideration received by Licensee and Sublicensees, for the sale or other disposition of Licensed Products.

For the absence of doubt, where the sale is between Licensee and Sublicensees, Net Sales only includes the sale of Licensed Products where the purchaser is the end user, and, where such sales to Sublicensees are not final sales, Net Sales only includes the downstream sale to third party customers and distributors.

- (j) “**Notice Date**” has the meaning assigned to it in Article 13.2.
- (k) “**Recipient**” means a party who receives information from the other party to this Agreement.
- (l) “**Royalty Report**” is included as **Appendix C** and described in Article 6.1.
- (m) “**Senior Executive**” means a person with authority to contractually bind the party.
- (n) “**Sublicense**” means a grant of rights by Licensee to a third party to make, have made, use, sell, offer to sell, import, have imported, export, or have exported Licensed Product.
- (o) “**Sublicensee**” means the third party granted a Sublicense from Licensee.
- (p) “**Sublicense Income**” means all consideration received by Licensee from a third party as consideration for the grant of a Sublicense or an option for a Sublicense. Such consideration includes any upfront, license initiation or signing fees, license maintenance fees; milestone payments; unearned portion of any minimum annual royalty payment;

payments associated with an acquisition or liquidation of the assets of the Sublicensee that may be deferred or trailing payments; and the Fair Market Value of any equity and any other non-cash consideration paid to Licensee for the Sublicense.

Sublicense Income excludes sums received as royalties on Net Sales by the Sublicensees, such Net Sales being subject to the royalty on Net Sales in **Appendix A**.

To the extent that patent rights or other intellectual property rights other than Licensed Patents are licensed, sublicensed or granted by Licensee in addition to the Sublicense under the same agreement or the same transaction, all of the consideration received by Licensee under the agreement or the transaction is considered Sublicense Income and may not be apportioned between the Licensed Patents and those other patent rights or other intellectual property rights without the written approval of University.

- (q) **“Term”** has the meaning assigned to it in Article 12.1.
- (r) **“Territory”** has the meaning assigned to it in **Appendix A**.
- (s) **“University Indemnitees”** includes the Regents of the University of Colorado, a body corporate, its regents, employees, students, officers, agents, affiliates, representatives, and inventors.
- (t) **“Valid Claim”** means a pending or issued and unexpired claim of a Licensed Patent so long as the claim has not been irrevocably abandoned or declared to be invalid through no fault of Licensee in a non-appealable decision of a court or other government agency of competent jurisdiction.

1.2 **Other Definitional Provisions.**

- (a) All references to statutes and related regulations include
 - (i) any past and future amendments of those statutes and related regulations; and
 - (ii) any successor statutes and related regulations.
- (b) The words “including,” “includes,” and “include” are deemed to be followed by the words “without limitation.”

1.3 All references to currency in this Agreement such as “Dollars” or “\$” refer to the lawful currency of the United States of America.

Article 2 Grant and Reservation of Rights

2.1 **License.** Subject to the terms and conditions of this Agreement, University hereby grants to Licensee, and Licensee hereby accepts, an exclusive license, subject to the rights of the federal government as set forth in Article 5 and rights reserved by University under Article 2.2, under the Licensed Patents to make, have made, use, import, offer to sell, sell, render, and practice the Licensed Products in the Field(s) of Use and the Territory.

2.2 **Reservation of Rights.** The license granted under Article 2.1 is expressly made subject to University's reservation, on behalf of itself, future not-for-profit employers of the inventors of the Licensed Patents, and all other not-for-profit academic and research institutions, of the right to practice the Licensed Products under the Licensed Patents for educational, research, clinical, or other non-commercial purposes, including industry sponsored research.

2.3 **Limitation on Rights.** This Agreement confers no license or rights by implication, estoppel, or otherwise under any patent applications or patents of University other than the Licensed Patents, regardless of whether such patents are dominant or subordinate to the Licensed Patents.

Article 3 Economic Consideration

3.1 As consideration for the license and rights granted under this Agreement, Licensee shall pay to University the economic consideration specified in **Appendix A**.

Article 4 Sublicensing

4.1 **Sublicenses Permitted.** Licensee may grant Sublicenses under the rights granted in Article 2.

4.2 **Sublicensee Royalties.** Licensee shall do the following:

- (a) Pay royalties on Net Sales by Sublicensees and on Sublicense Income as specified in **Appendix A**.
- (b) Include in all Sublicense agreements royalty payment terms that are consistent with and do not conflict with this Agreement.
- (c) Retain all responsibility for the performance of all Sublicensees under any Sublicense agreements as if the performance were carried out by Licensee itself, including the payment to University of any Net Sales royalties, regardless of whether the Sublicensee pays Licensee.

- (d) Require payment of cash consideration only from Sublicensees unless University has expressly consented in writing and in advance to other consideration.

4.3 **Required Provisions.** Licensee shall include the following provisions for the benefit of University in all Sublicense agreements: Article 2.2 Reservation of Rights, Article 3 Economic Consideration, Article 5 U.S. Government Rights, Article 6 Reports, Records and Audits (including University's direct right to audit the Sublicensees), Article 8 Export, and Article 11 Warranties, Indemnification, and Insurance.

4.4 **Sublicensee Conduct.** Licensee shall cause the Sublicensees to covenant to do the following:

- (a) Not to further sublicense the Licensed Patents.
- (b) Submit to University and Licensee
 - (i) Diligence Reports including at least the same level of detail as set forth in **Appendix B**; and
 - (ii) Royalty Reports in the form set forth in **Appendix C**.
- (c) Agree to the equivalent of Article 7 Confidential Information and Article 12.7 Survival.

4.5 **Termination of Licenses or Sublicense.**

- (a) Licensee shall cause all Sublicenses to be subject to the termination of this Agreement; provided, however, that a Sublicense is not subject to the termination of this Agreement if Licensee and Sublicensee comply with Article 4.5(b) below.
- (b) Notwithstanding Article 4.5(a), in the event this Agreement is terminated pursuant to Articles 12.2, 12.3 or 12.5, Licensee and each Sublicensee may agree to assign the Sublicense to University so long as the Sublicensee complies with Article 4, the Sublicensee is not in breach of its Sublicense, and University is not obligated to incur any obligations or make any representations or warranties in excess of those contained in this Agreement.
- (c) Licensee shall require the automatic termination of any Sublicense in the event the Sublicensee institutes a legal action challenging the validity of any Licensed Patent.

4.6 **Copy of Sublicense.** Licensee shall submit to University a copy of each fully executed Sublicense agreement and any amendments to Sublicense agreements entered into by Licensee under this Agreement. A copy of such Sublicense agreements and amendments must be received by University within 30 days of their execution.

Article 5 U.S. Government Rights and Requirements

5.1 **The Bayh-Dole Act.** This Agreement is subject to all of the terms and conditions of 35 U.S.C. §§ 200-212, (“**The Bayh-Dole Act**”) and 37 C.F.R. § 401. Accordingly, Licensee shall, and shall require the Sublicensees to, take all reasonable action necessary to enable University to satisfy its obligations under The Bayh-Dole Act including the use of commercially diligent efforts to cause any Licensed Products to be manufactured substantially in the United States. Licensee may obtain a waiver of this manufacturing requirement from the appropriate federal agency.

Article 6 Reports, Records, and Audits

6.1 Reports.

- (a) Licensee shall submit the following reports to University via email attachment and writing:
 - (i) Diligence Reports as set forth in **Appendix B**.
 - (ii) Quarterly Royalty Reports as set forth in **Appendixes A and C** for each calendar quarter regardless of any Net Sales beginning in the calendar quarter of the first commercial sale.

If the first reporting period is not a complete year or quarter, Licensee shall, or shall cause the Sublicensee to, report partial periods.

- (b) Upon the request of University, but not more frequently than once per calendar year, Licensee shall complete a questionnaire regarding commercialization of Licensed Products and shall make itself reasonably available to discuss with University its responses to any such questionnaires.

6.2 Records. Licensee shall do the following:

- (a) Keep accurate records and cause all Sublicensees to keep accurate records in sufficient detail to reflect its operations under this Agreement and to enable the royalties accrued and payable under this Agreement to be determined.

- (b) Retain the records for at least 10 years after the close of the period to which they pertain, or for such longer time as may be required to resolve any question or discrepancy raised by University.

6.3 **Audits.**

- (a) Upon the request of University, with reasonable notice, but not more frequently than once a calendar year, Licensee shall permit an independent public accountant selected and paid by University to have access during regular business hours to records, reports and other information relating to any Sublicense or this Agreement as may be necessary to verify the accuracy of payments made or payable under this Agreement.
- (b) The accountant will disclose information it acquires through such audit to University only to the extent that it should properly have been contained in the Royalty Reports required under this Agreement, it shows compliance or noncompliance by Licensee with the terms and conditions of this Agreement, or the accountant believes it materially relates to Article 6 of this Agreement.
- (c) If an inspection or audit shows an underreporting or underpayment in excess of five percent for any 12-month period, then Licensee shall, within 30 days of its receipt of the results of the inspection or audit, reimburse University for the cost of the inspection or audit and pay the amount of the underpayment including any interest as required by this Agreement.

6.4 **Licensee Self-Audit.** Licensee shall conduct, at its sole expense, an independent audit of sales and royalties owed under this Agreement at least every 2 calendar years beginning in the calendar year that annual sales of Licensed Product are over \$5,000,000. The audit will address, at a minimum, the amount of gross sales by or on behalf of Licensee and Sublicensees during the audit period, the amount of funds owed to University under this Agreement, and whether the amount owed has been paid to University and is reflected in the records of Licensee. Licensee shall submit the auditor's report promptly to University upon completion.

Article 7 Confidential Information

7.1 **Responsibilities.** The parties shall protect all confidential information disclosed by the other party under this Agreement from disclosure to third parties using the same degree of care that the Recipient uses to protect its own confidential and proprietary information, but no less than a reasonable degree of care, and in accordance with this Article 7.1. The parties shall not make disclosures of the other party's confidential information without the written

permission of the other party. To protect University confidential information, Licensee shall adopt security measures commonly observed in industries that rely on confidential information. These measures include restricted access to such information and the selective destruction of sensitive materials. The obligations under this Article 7 will expire 5 years after the termination or expiration of this Agreement.

7.2 Ownership. All written documents containing confidential information and other material in tangible form received by the Recipient under this Agreement remains the property of the disclosing party. Upon request of the disclosing party, the Recipient shall return such documents to the disclosing party or provide evidence of their destruction.

7.3 Future Information and Inventions. All invention disclosures, scientific data, diligence reports and proprietary business information disclosed by either party including the Sublicensees under this Agreement are considered confidential information of the disclosing party.

7.4 Exceptions. Confidential information does not include the following:

- (a) Information that at the time of disclosure had been previously published or was otherwise publicly available through no fault of Recipient.
- (b) Information that becomes public knowledge after disclosure unless such knowledge results from a breach of this Agreement.
- (c) Information that was already in Recipient's possession prior to the time of disclosure as evidenced by written records kept in the ordinary course of business or by proof of actual use.
- (d) Information that is independently developed without use of the confidential information.
- (e) Information that is required to be disclosed by law, court order, or government regulation.

7.5 CORA. University is subject to the Colorado Open Records Act, C.R.S. §§ 24-72-201, et seq. (CORA). All plans and reports marked "Confidential" by Licensee shall be treated by University as confidential to the extent permitted under § 24-72-204. Certain categories of information, including trade secrets and information implicating legal privileges, are not required to be released in response to requests for information under CORA.

Article 8 Export

8.1 **Export Compliance.** Licensee shall, and shall require the Sublicensees to, comply with all applicable United States laws and regulations controlling the export of licensed commodities and technical data relating to this Agreement. (For the purpose of this paragraph, “**technical data**” means tangible or intangible technical information that is subject to U.S. export regulations, including blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, manuals and instructions and “**licensed commodities**” means any article, material or supply but does not include information.) Among other things, these laws and regulations may prohibit or require a license for the export or retransfer of certain commodities and technical data to specified countries, entities and persons. Licensee understands that it may be held responsible for any violation of such laws and regulations by itself or any Sublicensee.

8.2 **Applicable Laws.** Applicable 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 economic sanctions regulations administered by the U.S. Department of the Treasury (31 CFR 500-600).

8.3 **Termination for Violation of Export Control Laws.** University may terminate this Agreement under Article 12.3(d) if Licensee is determined or found by any United States regulatory authority to have violated any of the United States export control laws or regulations related to this Agreement.

Article 9 Patent Prosecution

9.1 As between the parties, University is responsible for the filing, prosecution and maintenance of the Licensed Patents using counsel of its choice.

9.2 University shall, or shall instruct its patent counsel to, provide Licensee with the following:

- (a) Copies of all patent applications and official documents and correspondence filed with the United States Patent and Trademark Office and foreign patent offices for the Licensed Patents.
- (b) Copies of office actions and other official documents and correspondence received from the United States Patent and Trademark Office and foreign patent offices for the Licensed Patents.

Licensee shall treat such information as confidential information of University under Article 6 of this Agreement.

9.3 Licensee's Reimbursement of Patent Costs. Licensee shall reimburse University for all the fees and costs, including attorney fees, related to the preparation, filing, and prosecution, of all patent applications and maintenance of patents within the Licensed Patents, including, but not limited to, *inter partes* review, interferences, oppositions and reexaminations, as set forth in **Appendix A**. If Licensee elects not to continue payment of patent expenses for any particular Licensed Patent, Licensee shall notify University at least 90 days prior to any non-extendable patent prosecution bar date for the Licensed Patent, and then, from that time forward, the patent application and any patent arising therefrom will not be considered Licensed Patents under this Agreement and Licensee forfeits all rights under this Agreement to such patent application and any patent arising therefrom. In the event that Licensee makes such an election and so notifies University, Licensee shall not be considered to have breached this Agreement.

Article 10 Patent Enforcement

10.1 Notice of Infringement. University and Licensee shall inform the other party promptly in writing of any suspected infringement of the Licensed Patents by a third party. The parties shall include in the notice all evidence of infringement possessed by the suspecting party. Upon such notice and before proceeding with any action (e.g., cease and desist notice), the parties shall consult with each other.

10.2 University Suit. University has the first right to institute suit to enforce any of the Licensed Patents based on any suspected infringement of the Licensed Patents. Licensee may be joined as a party plaintiff and shall give University reasonable assistance and authority to file and prosecute the suit. If University decides to institute suit, it will provide written notice to Licensee within 90 days of the date when a party receives notice of infringement. If within 15 days of such notice, Licensee does not notify University in writing that it will jointly prosecute the suit under Article 10.3, Licensee shall assign and hereby does assign to University all rights, causes of action, and damages resulting from the alleged infringement. During such action Licensee may not grant Sublicenses without University's permission, and University has full authority to settle on such terms as University determines, provided that University may not grant any rights that would conflict with the rights granted to Licensee under this Agreement. University shall bear the entire cost of the litigation and will retain the entire amount of any recovery or settlement. Licensee hereby waives any claim to any recovery or settlement obtained by University.

10.3 Joint Suit. If University and Licensee agree to institute suit jointly, the parties to this Agreement shall bring the suit in both parties' names, the out-of-pocket costs thereof will be borne equally, and any recovery or settlement will be shared equally. University and Licensee will agree to the manner in which they will

exercise control over such suit. Each party, at its option, may be represented by separate counsel of its own selection, the fees for which shall be paid by the party electing to retain its own counsel.

10.4 Licensee Suit. In the absence of a University suit pursuant to Article 10.2 or absent an agreement to institute a suit jointly pursuant to Article 10.3, Licensee may institute suit. Licensee shall keep University reasonably apprised of the status and progress of any litigation. Licensee shall bear the entire cost of such litigation. Any recovery in excess of reasonable attorney's fees for outside counsel and court costs incurred in litigation related to patent enforcement shall be shared 75%/25% between Licensee and University, respectively.

Article 11 Warranties, Indemnification, and Insurance

11.1 Disclaimer of Warranties.

- (a) UNIVERSITY MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO USE, SALE, OR OTHER DISPOSITION BY LICENSEE OR ITS SUBLICENSEE(S) OR VENDEES OR OTHER TRANSFEREES OF LICENSED PRODUCTS OR ANY OTHER PRODUCTS OR PROCESSES INCORPORATING OR MADE BY USE OF THE LICENSED PATENTS.
- (b) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, AND NO INVESTIGATION HAS BEEN MADE, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OR SALE OF LICENSED PRODUCTS OR ANY OTHER PRODUCTS, PROCESSES, OR SERVICES INCORPORATING OR MADE OR RENDERED BY USE OF THE LICENSED PATENTS WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, SERVICE MARK, OR OTHER RIGHTS.
- (c) Nothing in this Agreement may be construed as
 - (i) a warranty or representation by University as to the validity or scope of any of the rights included in the Licensed Patents;
 - (ii) a warranty or representation that the Licensed Patents or anything made, used, sold or otherwise disposed of or rendered under this Agreement will or will not infringe patents, copyrights or other rights;

- (iii) an obligation to furnish any know-how not agreed to in this Agreement or to provide any services other than those specified in this Agreement, or
- (iv) an obligation by University to bring or prosecute actions or suits against third parties for infringement.

11.2 Indemnification. Licensee shall indemnify, defend, and hold University Indemnitees harmless from and against all liability, demands, damages, losses, fines, and expenses (including attorney fees and other costs and expenses of litigation), for death, personal injury, illness, property damage, noncompliance with applicable laws and any other claim, proceeding, demand, expense and liability of any kind whatsoever in connection with or arising out of any of the following:

- (a) The use by or on behalf of Licensee, any Sublicensees, or their respective directors, officers, employees, or third parties (including the end users of Licensed Products) of any Licensed Patents;
- (b) The design, manufacture, production, distribution, importation, exportation, advertisement, consumption, sale, lease, sublicense or use of any Licensed Products by Licensee, or other products or processes developed in connection with or arising out of the Licensed Patents;
- (c) The consequences of any violation of any applicable export control laws or regulations by Licensee or Sublicensee;
- (d) Any right or obligation of Licensee or Sublicensee under this Agreement.
- (e) **Defense of University.**
 - (i) Colo. Rev. Stat. Section 23-20-110 states that the Colorado Attorney General, acting through University's Office of University Counsel, must represent University in all actions. Licensee shall, at its own expense, provide attorneys reasonably acceptable to the Colorado Attorney General to defend against any actions brought or filed against any University Indemnitee hereunder with respect to the subject of indemnity contained herein, whether or not such actions are rightfully brought (any such action a "**Claim**").
 - (ii) In the event the Colorado Attorney General does not agree to legal counsel selected by Licensee, the Colorado Attorney General will represent University and University shall pay for its own representation.

- (iii) Neither Licensee nor University may settle a Claim without the prior written consent of the other, which consent shall not be unreasonably withheld. Licensee may take control of the defense of such Claim with counsel of its choice, provided however that:
 - (A) University at its own expense may participate and appear (on an equal footing) with Licensee in the defense of the Claim,
 - (B) University may undertake and control such defense in the event of the material failure of Licensee to undertake and control the same.

11.3 Insurance. Licensee represents and warrants that it now maintains and shall continue to maintain comprehensive general liability insurance, including product liability insurance, and any other insurance customary in the industry, and that such insurance coverage lists the University Indemnitees as additional insureds. Licensee's insurance shall be primary coverage; any insurance that University may purchase is excess and noncontributory. Licensee's insurance shall be written to cover claims incurred, discovered, manifested, or made during or after the expiration of this Agreement. Within 90 days after the execution of this Agreement and thereafter on University's request, Licensee shall present evidence to University that the coverage is maintained with the University Indemnitees listed as additional insureds. In addition, Licensee shall provide University with at least 30 days prior written notice of any change in or cancellation of insurance coverage. Licensee shall maintain such commercial general liability insurance beyond the expiration or termination of this Agreement during:

- (a) The period that any Licensed Product is being commercially distributed or sold by Licensee, an agent of Licensee, or a Sublicensee; and
- (b) A reasonable period after the period referred to in (a) above which in no event will be less than 6 years.

Article 12 Duration, Conditions, Termination, and Conversion

12.1 Term. This Agreement is effective as of the Effective Date and expires on the expiration date of the last-to-expire patent or last-to-be-abandoned patent application within the Licensed Patents, whichever is later, unless earlier terminated pursuant to Article 12.2, 12.3, or 12.5.

12.2 Termination of Agreement by Licensee. Licensee may terminate this Agreement at any time on 60 days prior written notice to University, if Licensee does all of the following:

- (a) Pays all amounts due as well as all non-cancelable costs to University through the termination date.
- (b) Submits final payments as provided in **Appendix A** and a final report of the type described in Article 6 Reports, Records and Audits.
- (c) Returns any confidential information provided to Licensee by University in connection with this Agreement.
- (d) Suspends its use and sales of the Licensed Products; provided however, that subject to making the payments required by Article 3 and the reports required by Article 6, Licensee may, for a period of 90 days after the effective date of such termination, sell all Licensed Products that may be in inventory.

12.3 Termination by University. University may terminate this Agreement if Licensee does and fails to cure, within 30 days of notice (provided that, if Licensee provides evidence in writing to University prior to the expiration of the 30-day period that, though Licensee may not be able to cure the breach within such 30-day period, Licensee will be able to cure the breach within 60 days of notice, University shall grant to Licensee one additional 30-day period to cure such breach), any of the following:

- (a) Is delinquent on any report or payment that is not in dispute;
- (b) Is in breach of the diligence obligations described in **Appendix A**, including the milestone requirements and such missed milestone is not otherwise excused pursuant to the terms of this Agreement.
- (c) Provides any materially false report or is in breach of any other material provision of this Agreement.
- (d) Violates any laws or regulations of applicable governmental entities that have a material adverse effect on the
 - (i) University; or,
 - (ii) Licensee's ability to perform its obligations under this Agreement.
- (e) Ceases to carry on development activities pertaining to the Licensed Patents.
- (f) Institutes a legal action challenging the validity of any Licensed Patent.

- (g) Asserts that its production, use, manufacture, rendering or sale of any product or process that University reasonably believes is a Licensed Product does not infringe a Licensed Patent, the dispute is resolved in the University's favor pursuant to Article 13.9 and Licensee fails to make payment within 45 days after the dispute is resolved.
- (h) Fails to maintain insurance as provided for in Article 11.

12.4 **Conversion to Non-Exclusive License.** University may at its reasonable discretion convert this Agreement to a non-exclusive license agreement if Licensee does any of the following:

- (a) Ceases to continue operating its material business.
- (b) Does not use commercially reasonable efforts to develop the Licensed Patents including efforts consistent with the diligence milestones and obligations in **Appendix A**.
- (c) After beginning commercial sales of the Licensed Products stops selling Licensed Product for two consecutive calendar quarters.

12.5 **Automatic Termination.** This Agreement immediately terminates in the event that:

- (a) Licensee commences liquidation, reorganization, dissolution or winding-up of itself, is insolvent or evidence exists as to its Insolvency, or Licensee makes any general assignment for the benefit of its creditors;
- (b) A petition is filed by or against Licensee, or any proceeding is initiated by or against Licensee, or any proceeding is initiated against Licensee as a debtor, which proceeding is not dismissed within 90 days, under any bankruptcy or insolvency law, unless the laws then in effect void the effectiveness of this provision;
- (c) A receiver, trustee, or any similar officer is appointed to take possession, custody, or control of all or substantially all of Licensee's assets or property; or
- (d) Licensee adopts any resolution of its Board of Directors or stockholders for the purpose of effecting any of the foregoing.

In the case of a bankruptcy, this Agreement does NOT pass to a trustee in bankruptcy nor may the Agreement be held as an asset of said bankrupt.

12.6 Data and Regulatory Filings. In the event of an early termination of this Agreement under this Article 12, Licensee shall promptly, but no less than thirty (30) days after the effective date of termination, provide to University a copy of any and all data, results, and technical information and all documents and other materials filed by or on behalf of Licensee, and all data, results, and technical information and all documents and other materials filed by or on behalf of any Sublicensee in the possession of Licensee, with any U.S. or foreign government agency, made, developed, or obtained by Licensee or a Sublicensee during the term of this Agreement and related to the Licensed Patents or Licensed Products. University may use, reference, cross-reference, review, have access to, and incorporate any of the foregoing documents and information for any purpose including sharing with third parties.

12.7 Survival. The provisions of Articles 3 Economic Consideration; 6 Reports, Records, and Audits; 7 Confidential Information; 11 Warranties, Indemnification, and Insurance; 12.2(d); 12.6 Data and Regulatory Filings; 12.7 Survival; 13.4 Use of Names and Marks; 13.8 Choice of Law; 13.9 Dispute Resolution; 13.10 Merger and Modification of Agreement; 13.11 Severability; 13.13 Preservation of Immunity; 13.14 Headings; **Appendix A**, Section 2 Financial Conditions; and any other provision of this Agreement that by its nature is intended to survive, will survive any termination or expiration of this Agreement.

Article 13 General

13.1 Assignment. This Agreement is binding upon and inures to the benefit of the respective successors and permitted assigns of the parties to this Agreement.

- (a) **Assignment by Licensee.** Subject to Articles 13.1 (b) and (c), Licensee may assign this Agreement as part of a sale of Licensee's entire business, regardless of whether such a sale occurs through an asset sale, stock sale, merger or other combination.
- (b) **Conditions of Assignment.** Prior to any assignment, the following conditions must be met: (i) Licensee must provide University 10 days prior written notice of the assignment, including the new assignee's contact information; and (ii) the new assignee must agree in writing with University to be bound by this Agreement.
- (c) **Bankruptcy Petition.** In the event Licensee informs University that Licensee is considering filing a bankruptcy petition, Licensee may assign this Agreement if University determines in its sole discretion that the party has provided or can provide adequate assurance of future performance, including diligent development and sales, of the Licensed Patents.

- (d) **Any Other Assignment by Licensee.** Any other attempt by Licensee to assign this Agreement or any of Licensee's rights under this Agreement, or to delegate any of Licensee's obligations under this Agreement, is null and void.

13.2 **General Notice.** Notice under this Agreement is sufficiently given and effective upon

- (a) the date of delivery if delivered in person, or national overnight delivery service, or
- (b) five days after mailing, if mailed by first-class or certified mail, postage paid,

(the "**Notice Date**") to the respective addresses below or to such other address as either party will designate by written notice given to the other party.

University shall mail all general notices to Licensee to the following address:

Diagnamed Inc.
82 Richmond Street East, Toronto, ON M5C 1P1
Attn: Chief Executive Officer
Email: fabio@diagnamed.com

Licensee and Sublicensees shall mail all general notices to University to the following address:

License Administrator, CU Case # CU5481B-01
Venture Partners
University of Colorado Boulder
Campus Box 589 UCB
4845 Pearl Circle East, Suite 300
Boulder, CO 80301

Notwithstanding the other provisions in this Article 13, University may email financial invoices to Licensee (i.e., accounting contact) to the following contact person:

Name: Amrita Ramkumar
Email: aramkumar@marrellisupport.ca

13.3 **Invalidation Notice.** Licensee shall provide written notice to University at least 90 days prior to bringing an action seeking to invalidate any

Licensed Patent or a declaration of non-infringement. Licensee shall include in such written notice an identification of all prior art it believes invalidates any claim of the patent.

13.4 Use of Names and Marks. Licensee shall not identify University in any promotional advertising, press releases, sales literature or other promotional materials to be disseminated to the public or any portion thereof without University's prior written consent in each case, except that Licensee may state that it has a license for the Licensed Patents from University. University may state that it has licensed the Licensed Patents to Licensee. Licensee further shall not use the name of University or any University faculty member, inventor, employee or student or any trademark, service mark, trade name, copyright or symbol of University, without the prior written consent of University, entity or person whose name is sought to be used.

13.5 Marking. Licensee shall cause Licensed Products sold under this Agreement to be marked with the notice of the patent numbers or patent pending, as may be appropriate.

13.6 University Rules and Regulations. Licensee acknowledges that University employees who are engaged by Licensee, whether as consultants, employees, or otherwise, or who possess a material financial interest in Licensee, are subject to University's rules regarding outside activities and financial interests as set forth in University's intellectual property policy and related policies regarding conflicts of interest and outside consulting, as may be amended from time to time. Any term or condition of an agreement between Licensee and a University employee that seeks to vary or override such employee's obligations to University may not be enforced against such employee or University without the express written consent of the Principal Technology Transfer Officer as well as University of Colorado Medicine (formerly University Physicians, Inc.), as applicable.

13.7 Compliance with the Law. Licensee shall comply with all commercially material local, state, federal, and international laws and regulations relating to its obligations under this Agreement regarding the development, manufacture, use, and sale of Licensed Products.

13.8 Choice of Law. This Agreement is governed by and will be construed in accordance with the laws of Colorado.

13.9 Dispute Resolution. In the event of any dispute arising out of or relating to this Agreement, the affected party shall promptly provide notice to the other party, and the parties shall attempt in good faith to resolve the matter.

- (a) Any disputes not so resolved shall be referred to the Principal Technology Transfer Officer for University and to Licensee's Senior

Executives for Licensee, who shall meet at a mutually acceptable time and location within 30 days of the Notice Date and shall attempt to negotiate a settlement.

- (b) If the Senior Executives fail to meet within 30 days of the Notice Date, or if the matter remains unresolved for a period of 60 days after the Notice Date, either party may pursue any remedy allowed by law or this Agreement, provided that the state and federal courts located in the State of Colorado will have exclusive jurisdiction over any dispute arising under this Agreement, and Licensee hereby irrevocably submits to the exclusive jurisdiction of a court of competent jurisdiction in Colorado, and, by execution and delivery of this Agreement, Licensee (i) accepts, generally and unconditionally, the jurisdiction of this court and any related appellate court, and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in the court or that the court is an inconvenient forum.

13.10 Merger and Modification of Agreement. The terms and provisions contained in this Agreement constitute the entire agreement between the parties and supersede all previous communications, representations, agreements or understandings, either oral or written, between the parties with respect to the subject matter, and no agreement or understanding varying or extending this Agreement will be binding upon either party to this Agreement, unless in a written amendment signed by duly authorized officers or representatives of the respective parties, and the provisions of this Agreement not specifically amended thereby remain in full force and effect according to their terms.

13.11 Severability. The provisions and clauses of this Agreement are severable, and in the event that any provision or clause is determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability will not in any way affect the validity or enforceability of the remaining provisions and clauses.

13.12 Scope. This Agreement does not establish a joint venture, agency or partnership between the parties, nor create an employer/employee relationship. Neither party has the right, ability or authority to legally bind the other party.

13.13 Preservation of Immunity. Nothing in this Agreement is intended or may be construed as a waiver, either express or implied, of any of the immunities, rights, benefits, defenses or protections provided to University under governmental or sovereign immunity laws from time to time applicable to University, including the Colorado Governmental Immunity Act (C.R.S. § 24-10-101, et seq.) and the Eleventh Amendment to the United States Constitution.

13.14 **Headings.** The headings are included for convenience only and may not be used to construe this Agreement.

13.15 **Counterparts.** This Agreement may be executed in one or more counterparts and by electronically transmitted signatures, each of which is hereby deemed an original, but all of which together constitute one and the same document. In making proof of this Agreement, it will not be necessary to produce or account for more than one such counterpart executed by the party against whom the enforcement of this Agreement is sought.

To evidence the parties' agreement to this Agreement, the parties have executed it and delivered it on the Effective Date.

UNIVERSITY

By: (s) Brynmor Rees
Brynmor Rees
Managing Director, Venture
Partners at CU Boulder
Assistant Vice Chancellor for
Research & Innovation

Date: 12/8/2021

LICENSEE

By: (s) Fabio Chianelli
Name: Fabio Chianelli
Title: Chief Executive Officer

Date: 12/8/2021

APPENDIX A: SPECIFIC TERMS AND CONDITIONS

1. Licensed Patents; Field of Use; Territory:

(a) The Licensed Patents are as follows:

CU Internal ID	Country	Serial No.	Title	Inventors
CU5481B-PPA1	US	63/110,053	Self-Healable, Recyclable, and Reconfigurable Wearable Electronics Device	Jianliang Xiao, Wei Zhang, Chuanqian Shi, Zhanan Zou
CU5481B-PCT1	PCT	PCT/US2021/058087	Self-Healable, Recyclable, and Reconfigurable Wearable Electronics Device	Jianliang Xiao, Wei Zhang, Chuanqian Shi, Zhanan Zou

(b) Field of Use: Wearable medical devices that detect patient tremors.

(c) Territory: Worldwide.

2. Financial Conditions:

(a) Licensee shall pay the following:

(i) **Patent Fees and Costs.** Licensee shall reimburse University for patenting expenses incurred by University.

(A) As of December 1, 2021, unreimbursed patent expenses are roughly \$3,150. Licensee shall pay to University \$3,150 within 30 days of the Effective Date.

(B) With respect to patenting expenses incurred by University after the Effective Date plus any other unreimbursed patent expenses incurred by University prior to the Effective Date, Licensee shall reimburse University within 30 days of receiving an invoice from University.

- (ii) **License Fee.** Licensee shall pay a license fee of \$20,000, due in two installments as follows: (1) \$10,000 due within 30 days of the Effective Date and (2) \$10,000 due 1-year from the Effective Date. If this Agreement is effectively terminated prior to or on the first anniversary of the Effective Date, the second \$10,000 payment is due no later than the effective date of termination of this Agreement.
- (iii) **License Maintenance Fee.** Licensee shall pay University License Maintenance Fees in the amounts indicated in the following schedule to be paid no later than 30 days from the date that is the stated anniversary of the Effective Date. The License Maintenance Fees are creditable against royalties on Net Sales due for the same annual period beginning on the stated anniversary of the Effective Date.

Anniversaries of the Effective Date	License Maintenance Fee
Anniversary 3	\$10,000
Anniversary 4	\$15,000
Anniversary 5	\$30,000
Anniversary 6	\$50,000
Anniversary 7 and each Anniversary thereafter during the Term of this Agreement	\$75,000

- (iv) **Royalty on Net Sales.** Licensee shall pay University an earned royalty at three and one-half percent (3.5%) of Net Sales.
- (v) **Royalty on Sublicense Income.** Licensee shall pay University an earned royalty as follows:
- (A) Twenty-five percent (25%) of the Sublicense Income received prior to achieving Due Diligence Milestone 1;

- (B) Twenty percent (20%) of the Sublicense Income received on or after achieving Due Diligence Milestone 1, but prior to achieving Due Diligence Milestone 4; and
 - (C) Fifteen percent (15%) of the Sublicense Income received on or after achieving Due Diligence Milestone 4.
- (b) **Timing or Reporting and Payment Obligations.** Licensee shall
 - (i) prepare a quarterly Royalty Report pursuant to Article 6 Reports, Records and Audits and **Appendix C**, Form of Royalty Report; and
 - (ii) submit the earned royalty payment, if any
within 30 days after the end of each quarter of the calendar year.
- (c) **No Multiple Royalties.** No multiple royalties are payable in the event any Licensed Products are covered by more than one of the Licensed Patents.
- (d) **Interest.** Licensee shall pay past payments including interest at either the rate of one percent per month compounded or the maximum interest rate allowed by applicable law, whichever is less.
- (e) **Payments After License Termination.** After the Agreement terminates, Licensee shall continue to submit earned royalty payments and reports required by Article 6 of this Agreement, until all Licensed Products made or imported under this Agreement have been sold and until all sublicense payments have been received by Licensee.
- (f) **Tax-exempt.** All payments due under this Agreement shall be made without deduction for taxes, assessments, or other charges of any kind that may be imposed on University by any government outside of the United States or any political subdivision of such government with respect to any amounts payable to University pursuant to this Agreement. All such taxes, assessments, or other charges shall be assumed by Licensee. Licensee is also responsible for all bank transfer charges for payments.
- (g) **Government Registration.** If this Agreement or any associated transaction is required by the law of any nation to be either approved

or registered with any governmental agency, Licensee assumes all legal obligations to do so. Licensee shall notify University if Licensee becomes aware that this Agreement is subject to a United States or foreign government reporting or approval requirement. Licensee shall make all necessary filings and pay all costs, including fees, penalties, and all other out-of-pocket costs, associated with such reporting or approval process.

- (h) **Payments.** All payments due are payable in United States dollars. When Licensed Products are sold for monies other than United States dollars, Net Sales shall first be determined in the foreign currency of the country in which the sale was made and then converted into equivalent United States dollars. The exchange rate will be that rate quoted in the Wall Street Journal on the last business day of the reporting period.

Licensee shall make, or cause the Sublicensee to make, all payments to University payable to “The Regents of the University of Colorado,” and, except as otherwise provided in this Agreement, within 30 days of receiving an invoice and mail them to the following address:

Venture Partners
University of Colorado Boulder
PO Box 911395
Denver, CO 80291-1395
ATTN: Accounts Receivable

3. Licensee Due Diligence Milestones and Obligations

- (a) **Due Diligence Milestones.** Licensee shall use commercially reasonable efforts to develop, manufacture, sublicense, market and sell the Licensed Products in the Fields of Use and the Territory in accordance with the milestones defined here.
- (i) Pay to University all amounts owed under the sponsored research agreement to be executed between University and Licensee on or around the Effective Date and under which Licensee will provide funding to University for research related to the further development of Licensed Products (the “Sponsored Research Agreement”), in accordance with the timeline outlined in the Sponsored Research Agreement. .

- (ii) Deliver to University a report detailing the completion of bench top testing of a prototype of a Licensed Product and a summary report of all testing data within twenty-four (24) months of the Effective Date.
- (iii) Within thirty (30) months of the Effective Date, deliver to University a report detailing the type of review and approval required by the United States Food & Drug Administration (USFDA) for a Licensed Product, including in the report whether the Licensed Product is exempt from Pre-Market notification (510K) submission to the USFDA, requires 510K submission to the USFDA, or requires Pre-Market approval by the USFDA.
- (iv) Obtain appropriate market approval and/or clearance from the USFDA for the Licensed Product in Milestone 3, above, within four (4) years of the Effective Date.
- (v) Make first commercial sale of a Licensed Product within five (5) years of the Effective Date.
- (vi) Obtain CE Mark certificate from the European Medicine Agency for a Licensed Product within six (6) years of the Effective Date.
- (vii) Achieve \$3,000,000 in annual Net Sales within eight (8) years of the Effective Date.
- (viii) Achieve \$5,000,000 in annual Net Sales within ten (10) years of the Effective Date.

Once Licensee has achieved all of the foregoing milestones, Licensee shall use commercially reasonable efforts to continue to develop, manufacture, sublicense, market and sell the Licensed Products in the Fields of Use and the Territory consistent with those utilized by companies of similar size and type that have successfully developed products and services similar to Licensed Products.

For purposes of this Section 3, “**commercially reasonable efforts**” means, where applied to carrying out specific tasks and obligations of a party under this Section 3, expending reasonable, diligent, good faith efforts and resources to accomplish such task or obligation as such party (on its own and/or acting through any Sublicensees or

subcontractors) would normally use to accomplish a similar task or obligation under similar circumstances exercising reasonable business judgment, it being understood and agreed that, with respect to the manufacture, development and commercialization of a Licensed Product, such efforts are substantially equivalent to those efforts and resources commonly used by such party in an active and ongoing program to manufacture, develop and commercialize a product owned by it or to which it has exclusive rights, which product is of similar economic potential as the Licensed Product and at a similar stage in its development or product life as the Licensed Product, taking into account the competitiveness of alternative products in the marketplace, the anticipated size of commercial opportunity, the patent and other proprietary position of the Licensed Product, the likelihood of regulatory approval given the regulatory structure involved, the profitability of the Licensed Product, and other economically relevant factors commonly considered in similar circumstances. It is anticipated that the level of effort may change over time, reflecting changes in the status of a Licensed Product, but requires that such party (on its own and/or acting through any Sublicensees or subcontractors): (i) set and seek to achieve meaningful objectives for developing, manufacturing and commercializing the Licensed Product; (ii) make and implement decisions and allocate resources designed to advance progress towards and to achieve such objectives; and (iii) assign to employees responsibility for performing activities necessary to achieve such objectives, and monitor the progress with respect to such activities, goals and objectives.

If University reasonably determines that the Licensed Products are no longer being commercialized with commercially reasonable effort as described above, University may continue to allow this Agreement to continue, to amend the Agreement with prior consent from the Licensee, or to terminate the Agreement in accordance with Article 12.3(e). In the event Licensee does not commercialize the Licensed Products in any Field of Use or any Territory, Licensee shall use commercially reasonable efforts to sublicense the Licensed Products.

- (b) **Mandatory Sublicensing.** If Licensee is unable or unwilling to serve or develop a potential market or market territory for which there is a company willing to be a Sublicensee, Licensee shall at University's request negotiate in good faith a Sublicense with any such Sublicensee. Licensee acknowledges University's interest in ensuring that Licensed

Products are developed and commercialized to the fullest extent possible for the benefit of the public.

APPENDIX B: DILIGENCE REPORT

1. **Diligence Reports General.** Pursuant to Article 6 of this Agreement, Licensee is obligated to submit Diligence Reports. Licensee shall submit the following:
 - (a) A development plan that sets forth specific activities directed to the development of Licensed Products that are expected to be undertaken during the period commencing on the Effective Date through the end of the calendar year on a Licensed Product-by-Licensed Product basis. The plan should explain how each of the development activities is directed to the achievement of the diligence milestones set forth in Appendix A to this Agreement. The development plan should include the object and parameters of each development activity, when each activity will be initiated, and the projected date of completion. If the Agreement includes more than one patent family, the development plan should include a list of which patent families within the Licensed Patents cover each Licensed Product. The initial development plan shall be submitted to University within 6 months of the Effective Date.
 - (b) An annual Diligence Report within 30 calendar days of the end of each calendar year that is consistent with Section 2, below.
2. **Diligence Report Details.** Licensee shall include the following items in the Diligence Report:
 - (a) Development Report (4-8 paragraphs)
 - (i) A description of each of the Licensed Products that are in development, including, if the Agreement includes more than one patent family, a list of which patent families within the Licensed Patents cover each Licensed Product.
 - (ii) On a Licensed Product-by-Licensed Product basis, an accounting of the diligence milestones set forth in Appendix A to this Agreement that have been completed as of the date of the report, including the date of completion.
 - (iii) On a Licensed Product-by-Licensed Product basis, a summary of any activities directed to the development of each Licensed Product that have been completed since the last report, including the object and parameters of the activities, when each

of the activities were initiated, when each activity was completed, a summary of the results of each completed activity, and a summary of how the activities have led or will lead to the achievement of the diligence milestones set forth in Appendix A to this Agreement.

- (iv) On a Licensed Product-by-Licensed Product basis, a summary of any activities directed to the development of each Licensed Product that is currently being undertaken, including the object and parameters of each such activities, when such activity was initiated, the projected date of completion of each such activity, and a summary of how each such activity will lead to the achievement of the diligence milestones set forth in Appendix A to this Agreement.
- (b) Future development activities (4-8 paragraphs)
- (i) On a Licensed Product-by-Licensed Product basis, a summary of any activities directed to the development of each Licensed Product that are intended to be undertaken before the next report, including the type and object of any studies to be conducted, their projected starting and completion dates, and a summary of how each such activity is directed to the achievement of the diligence milestones set forth in Appendix A to this Agreement.
 - (ii) On a Licensed Product-by-Licensed Product basis, an estimate of the total development time remaining before each Licensed Product will be ready for commercial sale.
- (c) Changes to initial development plan (2-4 paragraphs)
- (i) Reasons for changes.
 - (ii) Variables that may cause additional changes.
 - (iii) Rationale for delay in or termination of development plans or product lines, including financial, strategic, and legal reasons.
 - (iv) Rationale for non-termination of this Agreement or retention of the Field of Use and, if the Agreement includes more than one

patent family under the Licensed Patents, retention of all of the patent families under the Licensed Patents.

- (d) Additional items to be provided:
- (i) If Licensee receives funding from the State of Colorado, including funds received through University, a summary of capital investments and an employee growth chart (# of FTEs, employee positions and all related information).
 - (ii) Information relating to the Licensed Products that have become publicly available, e.g., published articles, competing products, patents, etc.
 - (iii) Development work being performed by third parties other than Licensee to include name of third party, reasons for use of third party, planned future uses of third parties including reasons why and type of work.
 - (iv) Update of competitive information trends in industry and government compliance.
 - (v) Updates to the market plan.
 - (vi) If changed, the name and current address of Licensee's patent counsel responsible for the Licensed Patents.

APPENDIX C: FORM OF ROYALTY REPORT

Licensee Name: _____
 Sublicensee Name: (for Sublicensee reports): _____
 CU Case No.: _____ Patent No. _____
 Period Covered: From: ____ / ____ / ____ Through: ____ / ____ / ____
 Prepared By: _____ Date: _____
 Approved By: _____ Date: _____

Licensee shall, or shall require by contract each and every individual Sublicensee to, report gross sales, Net Sales and Net Sales exclusions separately for each product line or catalog number using the format located below. For the sake of clarity, if the Licensed Product covers several product lines or product catalog numbers, Licensee and every individual Sublicensee shall prepare a separate report for each individual product.

Product Name: _____

Product catalog no.: _____

Applicable Licensed Patents: _____

Net Sales Royalties (Note: Licensee shall report Net Sales by each Sublicensee separately.)

Country (list each separately)	Gross Sales	Authorized Exclusions*	Net Sales	Royalty Rate	Royalty Amount Owed
United States					
TOTAL:					

Sublicensee Income (Note: Licensee shall report Sublicensee Income for each Sublicensee separately.)

Type (Source) of Sublicensee Income	Total Amount Received	Authorized Exclusions*	Sublicensee Income Royalty Rate	Sublicensee Income Royalty Amount Owed
TOTAL:				

*Authorized exclusions are defined in Article 1.1, Net Sales and Sublicensee Income definitions, of this Agreement. If Licensee or Sublicensee makes any deductions whatsoever, then Licensee shall, or shall cause the Sublicensee to, submit an itemized list and detailed explanation of such deductions at that same time of this Royalty Report.

The parties may agree to provide additional information but in no case may Licensee provide less information than the information required by **Appendix C**.