

LUPUS RESEARCH ALLIANCE

PATENT AND INTELLECTUAL PROPERTY POLICY

The following Patent and Intellectual Property Policy ("Policy") of the Lupus Research Alliance ("LRA") will be adhered to by, and is binding on, all Grantee Institutions, their assignees, and Awardees. Acceptance of the Award by Grantee Institution and Awardee constitutes acceptance of the terms and conditions specified in this Policy and in the definitive agreement ("Award Agreement") that will be executed by Grantee Institution and Awardee before the Award is disbursed.

I. DEFINITIONS. Capitalized terms used in this Policy shall have the meanings set forth below:

- "Award" means the amount specified in the Award Agreement with Grantee Institution accompanying this Policy.
- "Awardee" means the principal investigator or primary recipient identified in the Award Agreement.
- "Grantee Institution" means the tax-exempt sponsoring institution that employs the Awardee, is responsible for administering the Award, and is signatory for all matters relating to the Award, including use of human subjects, animals, recombinant nucleic acid, safety, and this Policy.
- "Invention" means an invention or discovery (whether or not patentable) that is discovered, reduced to practice, or further developed in whole or in part as a result of the Award.
- "Net Proceeds" shall mean the amount received by Grantee Institution with respect to an Invention whether upfront or in subsequent payments from an option-holder, licensee or transferee of an Invention less the following: (i) unreimbursed intellectual property registration costs incurred by Grantee Institution; (ii) the transactions costs incurred by Grantee Institution in connection with the preparation or negotiation of any option, license or transfer of an Invention; and (iii) \$250,000.

II. TERMS AND CONDITIONS.

(a) Notifications of Inventions, Cooperation and Confidentiality.

All notices hereunder shall be delivered to LRA by notifying the Director of Grant Programs of LRA, Diomaris Gonzalez (dgonzalez@lupusresearch.org).

Grantee Institution or its assignee and Awardee shall notify LRA at the earliest practical time of any Invention and whether Grantee Institution intends to pursue patent application or copyright protection (collectively "IP Registration") of the Invention, and if so, provide LRA with a copy of its application[s] for IP Registration a reasonable time prior to its filing so that LRA can provide comments. Grantee Institution or its assignee shall seriously consider, in good faith, any comments or objections LRA may have concerning such application[s]. LRA shall keep all information relating to any such application confidential and not release any non-public information relating to such applications while such prosecution is pending. If Grantee Institution determines not to file for patent protection with respect to an Invention, or it intends to abandon a previously filed patent application, it shall promptly notify LRA and LRA shall have the option to file for patent protection or continuing the prosecution of such application with respect to such Invention. In such event LRA shall notify Grantee Institution of its intention to seek patent protection, and Grantee Institution shall assign title to the Invention to LRA and thereafter cooperate with LRA's efforts to obtain patent protection for such Invention.

(b) Financial Rights. The financial rights and obligations of LRA, the Awardee, and Grantee Institution shall be in accordance with the following terms:

- The costs of prosecution of any IP Registration shall be borne by the party prosecuting such IP Registration.
- The Grantee Institution shall notify LRA within 30 days of the grant of an option, license, sublicense, or other revenue generating agreement involving an Invention.
- The portion of Net Proceeds due to LRA from an Invention in accordance with the following bullet point shall be determined by the parties within 90 days of the date LRA is notified by the Grantee Institution that an Invention has been optioned, licensed or otherwise transferred to a third party. Grantee Institution shall pay the LRA a portion of any Net Proceeds earned from an Invention.
- In consideration of LRA's provision of the Award, Grantee Institution shall pay to LRA a royalty equal to the portion of the Net Proceeds that is proportionate to the LRA's financial support for the Invention. Such payment shall be accompanied by an appropriate statement of account detailing the amount of Net Proceeds, and the calculation of the amount due to LRA. Such statement shall be supplemented as additional Net Proceeds are received.
- The percentage of Net Proceeds due to LRA from an Invention shall be determined by the parties within 90 days of the date LRA is notified by the Grantee Institution that an Invention has been optioned, licensed or otherwise transferred to a third Party
- LRA shall have the right to audit, at its own expense, Grantee Institution's books and records in any year it receives Net Proceeds, in order to verify the amount of Net Proceeds received and the foregoing calculation.
- Payment to LRA of its share of Net Proceeds shall be made with sixty (60) days of any receipt of Net Proceeds by Grantee Institution.

(c) Research Only Licenses. Grantee Institution shall grant to other research institutions at LRA's request a non-exclusive license to any Invention for internal research purposes only.

(d) Licensee Diligence Obligations. Any licenses granted by Grantee Institution or its assignee of any Invention shall include terms requiring the licensee to use its best efforts to commercialize any licensed Invention and reserving to Grantee Institution the right to terminate such license if diligence requirements are not met.

(e) Publicity. LRA reserves the right to publicize LRA supported research. LRA will provide the Grantee Institution and the Awardee with prior notice and an opportunity for comment on any such public acknowledgment. This publicity right is not intended to include the use of the name of the Awardee or Grantee Institution in connection with commercial purposes or use in product promotion or product endorsement. LRA's name and logo may not be used in association with any Invention without prior approval of LRA.

*This Policy Statement is effective as of the date listed below and supersedes all prior editions.
All policies and procedures enumerated in this Policy Statement are subject to change without notice.
June 2018*