



CEDARS-SINAI MEDICAL CENTER.

ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT is made effective this _____ day of _____, 200____, by and between CEDARS-SINAI MEDICAL CENTER, a California nonprofit public benefit corporation having a business address at 8700 Beverly Boulevard, Los Angeles, California 90048-1865 (“Medical Center”) and _____, an individual residing at _____ (“Inventor”).

WITNESSETH

WHEREAS, Inventor having invented _____ (“Invention”);

WHEREAS, Medical Center will file an application for United States Letter Patent on behalf of Inventor (“_____ Application”) relating to the Invention;

WHEREAS, Inventor developed the subject matter disclosed and claimed in _____ Application while employed by Medical Center;

WHEREAS, Medical Center has expended considerable sums of money to fund the preparation, filing and prosecution of _____ Application; and

WHEREAS, Inventor has assigned _____ Application to Medical Center.

NOW, THEREFORE, in consideration of the assignment of _____ Application, and for further good and valuable consideration including the mutual covenants set forth below, Inventor and Medical Center hereby agree as follows:

DEFINITIONS

A. “_____ Application” shall mean U.S. Patent Application entitled “_____” and every application for a reissue, continuation, continuation-in-part or divisional patent, as well as any modification or amendment which may be filed in the United States or a foreign country based in whole or part on the _____ Application, and any patent issuing from such applications.

B. "Patent Licenses" shall mean any and all grants of a license, whether exclusive or non-exclusive, to one or more third parties under any _____ Application or any patents which issue thereon in either the United States or a foreign country.

C. "Licensed Products" shall mean any material, composition or apparatus which is defined by one or more of the claims of any _____ Application or which infringes one or more claims of any patent issuing on any _____ Application, whether in the United States or a foreign country, or any material, composition or apparatus produced or manufactured using a method which is defined in one or more claims of any _____ Application or which infringes one or more claims of any patents issuing on any _____ Application, whether in the United States or a foreign country.

D. "Royalty Income" shall mean any and all royalties and other income derived from sales of Licensed Products as a result of any and all Patent Licenses entered into between Medical Center and any third party, including royalties and other income derived from any sublicenses granted under the Patent Licenses pursuant to paragraph 1.3 below.

Article 1 NEGOTIATION OF LICENSES

1.1 It is agreed between the parties hereto that Medical Center shall make reasonable efforts to negotiate and procure Patent Licenses with third parties for the purpose of producing and marketing Licensed Products. Medical Center shall have the right to delegate its obligations under this Paragraph to a third party.

1.2 Any Patent Licenses negotiated and/or procured by Medical Center shall, at the option of Medical Center, grant either exclusive or non-exclusive rights under any _____ Application or any patents issuing thereon. All terms of any Patent Licenses negotiated and/or procured by or on behalf of Medical Center, including but not limited to royalty and termination provisions, shall, as between Medical Center and Inventor, be determined at the sole discretion of Medical Center in accordance with reasonable business practices and prevailing market conditions.

1.3 It is further agreed between the parties hereto that the terms of any Patent Licenses may provide any licensees under the Patent Licenses with the right to grant exclusive or non-exclusive sublicenses under any _____ Application or any patents issuing thereon.

Article 2 DISTRIBUTION OF ROYALTY INCOME

2.1 Medical Center shall pay to Inventor forty-two and one-half percent (42.5%) of the "net cash proceeds" (as defined below) received by Medical Center as Royalty Income from any Patent Licenses negotiated and/or procured by or on behalf of Medical Center. The "net cash proceeds" shall be determined by Medical Center on a cash basis, if, as and when received by Medical Center, after deducting from the gross proceeds if, as and when received by Medical Center from any Patent Licenses the full amount of all expenses incurred by Medical Center

related to the _____ Application, including, but not limited to, bookkeeping and accounting costs; attorneys', consulting and experts' fees and costs; application, filing, registration and search fees and costs; costs of litigation and settlement; travel expenses; and all other costs and expenses incurred by Medical Center in connection with the licensing, sublicensing, manufacturing, marketing and distribution of the Invention, and processing, perfecting and defending the related intellectual property rights whether in the United States or in a foreign country. The remaining fifty-seven and one-half (57.5%) to be divided as follows: forty-two and one-half (42.5%) to Medical Center and fifteen percent (15%) for overhead and administrative costs.

2.2 The parties hereto further agree that if Medical Center itself, or any wholly or partially owned subsidiary or business affiliate of Medical Center, undertakes the manufacture or sale of Licensed Products, and such manufacture or sale is not covered by any patent Licenses, any profits made by Medical Center as a result of such manufacture or sale shall be treated as Royalty Income for purposes of this Agreement and shall be subject to distribution between the parties hereto as specified subject to distribution between the parties hereto as specified in Paragraph 2.1 above. Such undertaking by Medical Center to manufacture or sell Licensed Products shall be subject to the consent of Inventor, which consent shall not be unreasonably withheld. The term "profits" as used in the instant Paragraph shall be defined in accordance with generally accepted accounting procedures. In the event that no profit is received, Medical Center will pay all overhead and related expenses.

Article 3 PROSECUTION

3.1 Medical Center shall file and continue to file and/or prosecute every _____ Application in the United States Patent and Trademark Office at no additional expense to Inventor, except as provided for in Paragraph 2.1 above. Such prosecution shall include normal ex parte prosecution in the United States Patent and Trademark Office as well as inter-party prosecution of any patent interferences initiated between and _____ Application and patent applications filed by third parties. Where, based upon the advise of competent counsel, an appeal from any decision adverse top the patentability of any Inventor Application appears to be justified, Medical Center shall undertake such appeal through the appropriate administrative tribunals and courts of appeal.

3.2 It is agreed between the parties hereto that Medical Center shall have the right to file and prosecute any _____ Application in any foreign country. Medical Center shall inform Inventor of the applications to be made in foreign countries, if any, within a reasonable time after the decision for the foreign filings have been made. Except to the extent provided for in Paragraph 2.1 above, foreign filings and prosecution shall be at the sole expense of Medical Center and foreign filed and prosecuted _____ Applications shall be the sole and exclusive property of Medical Center, subject to the obligations imposed on Medical Center by this Agreement.

3.3 Except to the extent provided for in Paragraph 2.1 above or pursuant to Paragraph 3.6 below, Medical Center shall pay all maintenance fees for all patents issuing on any

_____ Application filed and/or prosecuted by Medical Center in accordance with Paragraphs 3.1 and 3.2 above.

3.4 Inventor may, at his own expense, prepare, file and prosecute the _____ Application any foreign country which Medical Center has declined to file in pursuant to Paragraph 3.2 above. Medical Center will execute any documents required for Inventor to file and prosecute the _____ Application in the applicable foreign country. Any and all patents issuing on any _____ Application filed by Inventor in accordance with this Paragraph shall be the sole and exclusive property of Inventor.

3.5 In the event Medical Center determines, based upon the advice of competent legal counsel, that the continued prosecution of any _____ Application in the United States or any foreign country is unproductive or that the maintenance of any patent issued on any _____ Application in the United States or any foreign country is unprofitable, Medical center shall have the option to abandon such _____ Application or to allow such patent to lapse. Medical Center shall provide Inventor with notice of any intent on the part of Medical Center to abandon the _____ Application or to allow such patent to lapse. If Inventor so desires, the _____ Application or patent shall then be reassigned by Medical Center to Inventor and Inventor may continue the Prosecution of the _____ Application or the maintenance of such patent at his own expense.

3.6 Inventor shall be responsible for paying all maintenance fees for all patents reassigned to Inventor under Paragraph 3.5 above and for all patents issuing on any _____ Application filed by Inventor under Paragraph 3.4 above or reassigned to Inventor under Paragraph 3.5 above.

3.7 Inventor agrees to execute formal patent application papers relating to Medical Center's filing of any _____ Application in the United States or any foreign country as respectively described in Paragraphs 3.1 and 3.2 above, and to render assistance in any prosecution matter, interference or opposition proceeding involving any

_____ Application in the United States or any foreign country, such assistance including the giving of testimony and the furnishing of any documents in the possession of Inventor necessary to support Medical center's position in such prosecution matter, interference or opposition proceeding.

3.8 Medical Center shall have the right to file and prosecute any other U.S. or foreign patent applications for further improvements in the invention of the _____ Application, which improvements are developed by Medical Center at its expense. Improvements in the invention developed by Inventor shall be covered by this Agreement.

Article 4 ENFORCEMENT ACTIVITIES

4.1 The parties hereto agree that Medical Center shall assume the duty of policing and protecting any proprietary rights associated with any _____ Application or any patents issuing thereon, in the United States or any foreign country, which proprietary rights are owned

by Medical Center or vest in Medical Center under this Agreement. It is further agreed between the parties hereto that Medical center may discharge such duty by transferring to any one or more third party licensees under the Patent Licenses the right and/or obligation to police and protect such proprietary rights, including the right and/or obligation to sue for infringements of such proprietary rights and to defend against declaratory judgment actions or oppositions involving any _____ Application or any patent issuing thereon. Where the right and/or obligation to sue for such infringements and to defend against such declaratory judgment actions or oppositions has been transferred to one or more third party licensees under such Patent Licenses, Medical Center shall not be liable for any failure of such third party licensees to actually bring suit for any such infringements or to actually mount a defense against any such declaratory judgment action or opposition. However, in the event that such right and/or obligation to sue or defend has been transferred to any third party licensee(s) and such third party fails to sue or defend, and Medical Center with notice of such failure also fails to sue or defend, Inventor shall then have the right to so sue or defend, at his own expense and with all rights to the _____ Application transferring to Inventor upon his commencement of the legal action or defense.

4.2 If a settlement is reached or recovery is awarded as a result of any litigation or other action involving infringement of any patents issuing on any _____ Application in the United States or any foreign country, and the settlement or recovery results in the payment to Medical Center of any monies over and above the expenses incurred by Medical Center in conducting such litigation or other action, the monies shall be treated as Royalty Income for purposes of this Agreement and shall be subject to distribution between the parties hereto as specified in Paragraph 2.1 above.

4.3 Medical Center and Inventor hereby agree to join in any legal action covered by Paragraph 4.1 above where such joinder is necessary to permit the action to proceed.

4.4 Regardless of the necessity for joining Inventor as defined in Paragraph 4.3 above, Inventor agrees to render assistance at his expense in any legal action covered by Paragraph 4.1 above, such assistance including the giving of testimony, the signing of affidavits and the furnishing of documents and things necessary to support Medical Center's position in such legal action. However, travel expenses, or expenses for preparing new documents in support of Medical Center's position in such legal action, or other litigation expense incurred by Inventor (not including professional time) shall be paid for by Medical Center or the patent licensee(s).

Article 5

TERM AND TERMINATION

5.1 This Agreement shall extend for the life of any patent issuing, and any extensions thereof, on any _____ Application in the United States or any foreign country.

5.2 This Agreement may not be terminated by Inventor as long as Medical Center fulfills its duties and obligations as recited herein. If Medical Center fails to fulfill its duties and obligations as recited herein, and receives notice from Inventor so indicating such failure, Medical Center shall have ninety (90) days following receipt of such notice to fulfill such duties and obligations. Should Medical Center not fulfill such duties and obligations within ninety (90)

days after receipt of such notice from Inventor, Inventor may initiate appropriate legal action as provided under Paragraph 8.4 below to enforce his rights under this Agreement.

5.3 In the event any patent issuing on the _____ Application is declared invalid and/or unenforceable by a final unappealed or unappealable decree of any court or tribunal or competent jurisdiction in the United States or any foreign country, Medical Center shall have the right to terminate this Agreement insofar as such patent or any Patent Licenses based on such patent is concerned. If Medical Center elects not to pursue an appeal of a court or tribunal decision, Medical Center agrees to notify Inventor within sufficient time to allow Inventor to pursue such an appeal. Inventor may then elect to pursue such an appeal at his own expense, and all rights to such _____ Application shall transfer to Inventor without further consideration required. However, such election to appeal by Inventor shall not effect Medical Center's right to terminate this Agreement insofar as any such _____ Application or any Patent Licenses based on such _____ Application is concerned.

Article 6 RECORDS

6.1 Medical Center shall, in accordance with generally accepted accounting principles, maintain a separate set of books or records of account directed to the subject matter of this Agreement. Such set of books shall contain all the data reasonably required to ascertain payments due to Inventor under the distribution of Royalty Income, profits and settlement or recovery provisions outlines respectively in Paragraphs 2.1, 2.2 and 4.2 above. Medical Center shall permit such books and records to be examined by Inventor or Inventor's nominee from time to time during regular business hours and upon reasonable notice.

Article 7 ASSIGNMENT

7.1 Inventor's rights under this Agreement may be assigned or transferred, in whole or in part, by Medical Center upon written notice to Inventor. Inventor's obligation under this Agreement may not be assigned or transferred.

7.2 Medical Center's rights and obligations under this Agreement may be assigned or transferred, in whole or in part, by Medical Center upon written notice to Inventor. Should Medical Center elect to assign or transfer any _____ Application or any patent issuing thereon to a third party, whether in the United States or any foreign country, Medical Center's obligations under this Agreement with respect to the _____ Application or patent issuing thereon shall likewise be assigned or transferred to such third party assignee receiving the _____ Application or patent issuing thereon.

Article 8 MISCELLANEOUS

8.1 Nothing contained in this Agreement shall be construed as:

(a) a warranty or representation that any manufacture, use, sale, lease or other disposal of the Licensed Products does not constitute an infringement of any Letters Patent held by third parties; or

(b) a warranty or representation that any Letters Patent will issue in any country on any _____ Application.

8.2 Any written notice or payment required or permitted from Medical Center to Inventor by this Agreement shall be given by registered mail, postage prepaid, and shall be sent to Inventor at the address set forth at page one, unless another address is substituted by written notice.

Any written notice required or permitted from Inventor to Medical Center by this Agreement shall be given by registered mail, postage prepaid, and shall be sent to Medical Center at:

Cedars-Sinai Medical Center
8700 Beverly Boulevard
Los Angeles, California 90048-1865
Attn: Senior Vice President for Academic Affairs

with a copy to: Senior Vice President for Legal Affairs and
General Counsel

8.3 Neither Medical Center nor Inventor shall be held liable or responsible for failure or delay in fulfilling or performing their respective obligations under this Agreement in the event that such failure to delay is due to acts of God, Strikes or other labor disputes, governmental regulations or actions, inability to obtain material, labor, equipment or transportation, or any other condition beyond the reasonable control of the parties.

8.4 Any disputes, controversies or claims between Medical Center and Inventor arising out of or relating to this Agreement shall be settled by binding arbitration according to the rules of the American Arbitration Association. Such arbitration shall take place in Los Angeles, California. Each party shall have the right to take discovery, and the arbitrator shall be selected, pursuant to the rules of the American Arbitration Association. Arbitration fees shall be shared equally. Attorneys' fees shall be awarded to the prevailing party.

8.5 This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of California except to the extent federal patent laws control.

8.6 This Agreement may not be amended except in writing signed by the parties hereto and the terms and provisions contained herein constitute the entire agreement between the parties and shall supersede all previous communications, representations, agreements or understandings, either oral or written, between Medical Center and Inventor with respect to the subject matter of this Agreement.

8.7 Should any of the provisions of this Agreement be determined to be unenforceable or prohibited by any applicable law, this Agreement shall be considered separable as to such provision, which shall then be inoperative, but the remaining provisions of this Agreement shall be valid and binding.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective on and from the date first cited above.

CEDARS-SINAI MEDICAL CENTER

Dated: _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

[Inventor]