START-UP COMPANIES
STANDSTILL, OPTION & LICENSE AGREEMENTS

BILL GATHINGS
DIRECTOR, UA OFFICE FOR TECHNOLOGY TRANSFER
AIME WORKSHOP
JANUARY 22, 2010
STANDSTILL AGREEMENT

- In its simplest form, a placeholder for:
  - Technology evaluation
  - Business assessment
  - Alabama Launchpad

- No implied or express commercial option/license

- Agreement to negotiate, in good faith, an option or license agreement for the technology

- Limited term
Glenn Kinstler  
Director, Alabama Launchpad  
c/o EDPA  
500 Beacon Parkway West  
Birmingham, AL 35209

RE: HydrogeNow

Dear Glenn:

Dr. Scott Spear, one of the team members of HydrogeNow, has requested a letter from our office stating that the technology associated with his team’s Alabama Launchpad business plan is available for license from The University of Alabama. Please accept this letter as our agreement that the following patent application will not be licensed to any other party during the term of the Alabama Launchpad Business Plan Competition:


Further, should HydrogeNow win, place or show in the competition, the UA Office for Technology Transfer agrees to negotiate in good faith a license agreement for the aforementioned technology, under terms and conditions customary to University start-up ventures.

Should you require any additional information, please do not hesitate to contact me.

Sincerely yours,

W.E. Gathings

William E. Gathings, Ph.D.  
Director
OPTION AGREEMENT

- Defined period of time (usually one year) to:
  - Evaluate technology
  - Develop a business model
  - Exercise option to negotiate a license agreement

- Limited license for internal use

- Option fee

- Assumption of patent costs during option period
LICENSE AGREEMENT

➢ CRITERIA

- Viable Business Plan
- Formation of LLC or C-Corporation
- Seed funding procured for prototype/product and business development
- Execution of Incubator Agreement
- Fundable Manager or CEO
- Appropriate Management Team
- Identification of BOD and/or SAB
License Agreement (continued)

- License Grant
  - Exclusive or non-exclusive
  - Defined field-of-use
  - Affiliate rights
  - Sublicensing rights (yes or no)
LICENSE AGREEMENT (CONTINUED)

FINANCIAL TERMS
- License issue fee
- Equity
- Reimbursement of past and future patent expenses
- License maintenance fee
- Milestone payments
- Royalty payments
- Sublicense fees and royalty payments
LICENSE AGREEMENT (CONTINUED)

➢ OTHER TERMS
  o DUE DILIGENCE MILESTONES
  o REPORTS (FINANCIAL & COMMERCIALIZATION)
  o PAYMENTS, RECORDS AND AUDITS
  o PATENT EXPENSE PAYMENT PLAN
  o TERM (LENGTH OF TIME) AND TERMINATION
  o CONFIDENTIALITY
  o INFRINGEMENT & LITIGATION
  o EXPORT COMPLIANCE
  o INDEMNIFICATION OF UA BY COMPANY
  o INSURANCE REQUIREMENTS
  o ASSIGNMENT
  o USE OF UA NAME
QUESTIONS?