

**LICENSE AGREEMENT**

**for**

**BLOOD PRESSURE CUFF TO MEASURE ENDOTHELIAL FUNCTION**

**between**

**LEXINGTON BIOSCIENCES, INC.**

**and**

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

**through the**

**ERNEST ORLANDO LAWRENCE  
BERKELEY NATIONAL LABORATORY**

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**LICENSE AGREEMENT FOR  
BLOOD PRESSURE CUFF TO MEASURE ENDOTHELIAL HEALTH**

This license agreement (the "Agreement") is entered into by The Regents of the University of California, Department of Energy contract-operators of the Ernest Orlando Lawrence Berkeley National Laboratory, 1 Cyclotron Road, Berkeley, CA 94720, ("Berkeley Lab"), and Lexington Biosciences, Inc., a Nevada corporation ("Licensee") having its principal place of business at 4220 Bond Creek Court, Reno, Nevada 89519.

**1. BACKGROUND**

- 1.1. Certain inventions and software, generally characterized as "Assessing Endothelial Function Using a Single Standard Blood Pressure Cuff," (the "Invention"), were made in the course of research at Berkeley Lab under Berkeley Lab's contract with the United States Department of Energy ("DOE").
- 1.2. As the U.S. federal government sponsored development of the Invention, in whole or in part, this Agreement and the resulting license are subject to overriding obligations to the federal government pursuant to the provisions of the applicable law or regulations.
- 1.3. Berkeley Lab wants the Invention developed and used to the fullest extent so that the general public enjoys the benefits of the government-sponsored research.
- 1.4. Licensee wants to obtain certain rights from Berkeley Lab for the commercial development, manufacture, use, and sale of the Invention.
- 1.5. Licensee is a "small business concern" as defined at Section 2 of Public Law 85-536 (15 U.S.C. 632).
- 1.6. Licensee acknowledges that the Licensed Software (as defined below) may require end users to access the Qt libraries developed by The Qt Company (hereinafter, the "Qt Software") and access to such Qt Software may require a commercial license between Licensee and The Qt Company. Information about the requirements to license the Qt Software can be found at <http://www.qt.io/qt-licensing-terms/>.

Therefore the parties agree as follows:

**2. DEFINITIONS**

- 2.1. "Berkeley Lab Developed Work" means a derivative work of the Licensed Software pursuant to the Copyright Act, 17 USC §101 et seq. ("Derivative Work"), including a translated version of the Licensed Software, in source or object code, or any other format,

together with any associated media, printed materials, and on-line or electronic documentation (if any), developed by Berkeley Lab.

- 2.2. "Change of Control" means (i) the consummation of the acquisition of the Licensee by another entity by means of any transaction or series of related transactions (including without limitation, any reorganization, stock sale, merger or consolidation) unless Licensee's stockholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Licensee's acquisition or sale or otherwise) hold greater than 50% of the voting power of surviving or acquiring entity, or (ii) a sale of all or substantially all of the assets of the Licensee. "Change of Control" shall exclude (a) any merger effected exclusively for the purpose of changing domicile of the Licensee (b) any bona fide equity financing transaction and (c) a reverse merger for the purposes of financing the Licensee's commercialization of a Licensed Product that is consummated within six months of the Effective Date.
- 2.3. "Effective Date" means the date of execution by the last signing party.
- 2.4. "Field of Use" means human medical diagnostics and vascular health monitoring.
- 2.5. "Licensee Developed Work" means, (a) a Derivative Work of the Licensed Software including a translated version of the Licensed Software, in source or object code, or any other format, together with any associated media, printed materials, and on-line or electronic documentation (if any), developed by or on behalf of Licensee and, (b) any software or invention that is claimed in Licensed Patents and developed by or on behalf of Licensee.
- 2.6. "Licensed Patents" means Berkeley Lab's interest in any subject matter claimed in or covered by any of the following:
  - 2.6.1. U.S. Provisional Patent Application Serial Number 60/502,766, entitled "Arterial endothelial function measurement method and apparatus," by Jonathan S. Maltz and Thomas F. Budinger (Berkeley Lab case number IB-1796-03);
  - 2.6.2. PCT Application Number PCT/US04/29737, entitled "Arterial endothelial function measurement method and apparatus," by Jonathan S. Maltz and Thomas F. Budinger (Berkeley Lab case number IB-1796-02);
  - 2.6.3. U.S. Patent Number 8,666,472, entitled "Arterial endothelial function measurement method and apparatus," by Jonathan S. Maltz and Thomas F. Budinger (Berkeley Lab case number IB-1796-01);
  - 2.6.4. U.S. Provisional Patent Application Serial Number 61/479,304, entitled "Assessing Endothelial Function Using a Blood Pressure Cuff," by Jonathan S. Maltz (Berkeley Lab case number IB-2772-01);
  - 2.6.5. PCT Application Number PCT/US2012/035285, entitled "Assessing Endothelial Function Using a Blood Pressure Cuff," by Jonathan S. Maltz (Berkeley Lab case number IB-2772-020);

- 2.6.6. U.S. Patent Application Serial Number 14/008,299, entitled "Assessing Endothelial Function Using a Blood Pressure Cuff," by Jonathan S. Maltz (Berkeley Lab case number IB-2772-03);
  - 2.6.7. Chinese Patent Application Serial Number 201280020509.1, entitled "Assessing Endothelial Function Using a Blood Pressure Cuff," by Jonathan S. Maltz (Berkeley Lab case number IB-2772-04);
  - 2.6.8. U.S. Provisional Patent Application Serial Number 61/974,947, entitled "Assessing Endothelial Function Using a Blood Pressure Cuff," by Jonathan S. Maltz (Berkeley Lab case number IB-2772-05);
  - 2.6.9. U.S. Patent Application Serial Number 14/678,642, entitled "Assessing Endothelial Function Using a Blood Pressure Cuff," by Jonathan S. Maltz (Berkeley Lab case number IB-2772-06);
  - 2.6.10. U.S. Provisional Patent Application Serial Number 62/205,470, entitled "Assessing Endothelial Function and Providing Calibrated UFMD Data Using A Blood Pressure Cuff," by Jonathan S. Maltz (Berkeley Lab case number IB-2015-056-01); and
  - 2.6.11. with respect to paragraphs 2.6.10, any corresponding foreign patent application or patent for which Licensee has met the requirements of paragraphs 15.2 and 15.4; any division, reexamination, continuation, continuation-in-part (excluding new matter contained and claimed in that continuation-in-part), or other application that is a successor to any of the foregoing applications; any patents issuing on any of the foregoing; and all renewals, reissues and extensions thereof.
- 2.7. "Licensed Product" means (a) any product, service or process that employs or is produced by the practice of any invention claimed in Licensed Patents or whose manufacture, use, practice, sale, offer for sale, or importation would constitute, but for the license Berkeley Lab grants to Licensee under this Agreement, an infringement of any claim in Licensed Patents as if that claim were issued and (b) any product, service or process that employs or is produced by Licensed Software, Berkeley Lab Developed Work, or Derivative Works of Licensed Software or Berkeley Lab Developed Work.
- 2.8. "Licensed Software" means Berkeley Lab's interest in the "Software Suite for Endothelial Function Assessment," by Jonathan S. Maltz (Berkeley Lab case number IB-2015-162).
- 2.9. "Licensed Intellectual Property" or "Licensed IP" means Licensed Patents and Licensed Software.
- 2.10. "Patent Costs" means an amount equal to all of Berkeley Lab's expenses (i.e. not including Berkeley Lab salaries and any indirect costs thereon, but including internal chargeback costs) for Licensed Patents, including without limitation preparation, filing, prosecution and maintenance costs.

- 2.11. "Selling Price" for the purpose of computing royalties means the price at which Licensee or its sublicensee sells the Licensed Product in an arms-length transaction. Selling Price excludes the following qualifying costs directly attributable to the sale of Licensed Product and actually identified on an invoice: (i) discounts, in amounts customary in the trade, for quantity purchases, prompt payments and for wholesalers and distributors; (ii) credits or refunds, not exceeding the original invoice amount, for claims or returns; (iii) third party outbound transportation expenses and transportation insurance premiums incurred by Licensee; and (iv) sales, use, and other direct taxes and fees imposed on the sale of the Licensed Product by a governmental agency.
- 2.11.1. When a Licensed Product is not sold in an arms-length transaction, but is otherwise disposed of or provided, the Selling Price of that Licensed Product for the purposes of computing royalties is the selling price at which products, services or processes of similar kind and quality, sold in similar quantities, are currently being offered for sale by Licensee to unrelated third parties.
- 2.11.2. When such products, services or processes are not currently being offered for sale by Licensee, the Selling Price of a Licensed Product otherwise disposed of, for the purpose of computing royalties, is the average selling price at which products, services or processes of similar kind and quality, sold in similar quantities, are then currently being offered for sale by other manufacturers or service providers.
- 2.11.3. When such products, services or processes are not currently sold or offered for sale by Licensee or others, then the Selling Price, for the purpose of computing royalties, shall be negotiated by the parties in good faith based on the fair market value of the Licensed Product.

### **3. LICENSE GRANT**

- 3.1. Subject to the limitations set forth in this Agreement, Berkeley Lab grants to Licensee a nontransferable, limited (by the terms of paragraphs 3.7 and 3.8) exclusive, royalty-bearing license, under Licensed Patents, only in the Field of Use, to make, have made, use, offer for sale, sell, and import Licensed Products.
- 3.2. Subject to the limitations set forth in this Agreement and to receipt by Berkeley Lab of any required U.S. Department of Energy approvals, Berkeley Lab hereby grants to Licensee a nontransferable, limited (by the terms of paragraphs 3.7 and 3.8) exclusive, royalty-bearing license to Licensed Software, only in the Field of Use, to install, use, reproduce, enhance, modify, expand, execute, distribute to the public, and compile the Licensed Software, and prepare derivative works thereof. Notwithstanding the foregoing, Berkeley Lab and its licensors retain all title, copyright, and other proprietary interests in the Licensed Software and any copies thereof, and you do not acquire any rights, express or implied, in the Software, other than those specifically set forth in this Agreement.

3.3. Subject to paragraph 3.3.1, Berkeley Lab hereby grants to Licensee a nontransferable, limited (by the terms of paragraphs 3.7 and 3.8) exclusive license, to Berkeley Lab Developed Works developed within 12 months from the Effective Date, only in the Field of Use, to install, use, reproduce, enhance, modify, expand, execute, distribute to the public, and compile Berkeley Lab Developed Works, and prepare derivative works thereof. Berkeley Lab is not obligated by the Agreement to create Berkeley Lab Developed Works.

3.3.1. The grant of paragraph 3.3 is subject to the following:

- 3.3.1.1. the limitations set forth in this Agreement;
- 3.3.1.2 receipt by Berkeley Lab of any required U.S. Department of Energy approvals;
- 3.3.1.3 any Berkeley Lab patent rights other than the Licensed Patents;
- 3.3.1.4 any rights obtained by any other third party under any agreement funding development of Berkeley Lab Developed Work.

3.4. Licensee agrees to exercise its best efforts to reproduce onto any copies of the Licensed Software and Berkeley Lab Developed Work all titles, trademarks, disclaimers, and copyright and restricted rights notices of which Licensee is aware.

3.5. Subject to Berkeley Lab's patent rights and underlying copyright in the Licensed Software, Licensee retains all title, copyright, and other proprietary interests in any Licensee Developed Work and any copies thereof, and Berkeley Lab does not acquire any rights, express or implied, in such Licensee Developed Work, except as provided for under paragraph 3.6 or as may be provided for under applicable federal law or regulations.

3.6. Licensee hereby grants to Berkeley Lab a non-exclusive, non-transferable, royalty-free perpetual license to Licensee Developed Work, for all Berkeley Lab employees, guests, and collaborators, to install, use, reproduce, enhance, modify, expand, execute and compile Licensee Developed Work, and prepare derivative works thereof, solely at any physical sites managed by Berkeley Lab and solely for non-commercial educational or research purposes. For the purpose of clarity, non-commercial educational or research purposes excludes the production or manufacture of Licensed Products for sale or the performance of non-research services for a fee greater than the direct and indirect costs of the research. Licensee shall provide Berkeley Lab with all Licensee Developed Work within at least one month after distribution to the public.

3.7. Any license under this Agreement is subject to the following: (a) the right of the United States federal government to a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the Licensed Patents throughout the world and to reproduce, prepare derivative works, and perform publicly and display publicly the Licensed Software and Berkeley Lab Developed Work; (b) DOE's option, pursuant to 35 U.S.C. 203, to grant licenses either if reasonable steps to commercialize the Licensed IP are not carried out or in order to meet federal regulations;

and, (c) beginning five years after the date permission to assert copyright is obtained from the U.S. Department of Energy, and subject to any subsequent five year renewals and to rights in Licensed Patents, the U.S. Government is granted for itself and others acting on its behalf a paid-up, nonexclusive, irrevocable, worldwide license in the Licensed Software and Berkeley Lab Developed Work to reproduce, prepare derivative works, distribute copies to the public, perform publicly and display publicly, and to permit others to do so. Berkeley Lab shall submit requests for renewal of its exclusive nongovernmental rights in copyright pursuant to this paragraph 3.7(c) for the benefit of Licensee every five years so long as Licensee continues to commercialize Licensed Software under this agreement and such renewals are available.

- 3.8. Berkeley Lab retains the right, on behalf of itself and all other non-profit or government research institutions, to practice and use Licensed IP for educational or research purposes, including sponsored research and collaborations with funding from any entity. This Agreement shall not limit the right of Berkeley Lab and any such other institution to publish any information related to Licensed IP. Berkeley Lab retains the right to distribute Licensed Software and Berkeley Lab Developed Works to non-profit, academic, and government research institutions.
- 3.9. Berkeley Lab grants to Licensee the right to issue royalty-bearing sublicenses only in the Field of Use to (a) make, use, offer for sale, sell, and import Licensed Products, and (b) install, use, reproduce, enhance, modify, expand, execute, distribute to the public, and compile Licensed Software and Berkeley Lab Developed Work, and prepare derivative works thereof, as long as Licensee has current exclusive rights in the Field of Use.
- 3.10. Any sublicense Licensee grants must be consistent with all the rights and obligations due Berkeley Lab and the United States Government under this Agreement, including, without limitation, the license back to the United States Government.
- 3.11. Licensee shall provide Berkeley Lab with a copy of each sublicense issued under this Agreement; collect payment of all royalties due Berkeley Lab from sublicenses; and summarize and deliver all reports due Berkeley Lab from sublicenses under article 7. (PROGRESS AND ROYALTY REPORTS).
- 3.12. If this Agreement terminates for any reason, Berkeley Lab, at its sole discretion, shall determine whether Licensee must cancel or assign to Berkeley Lab any or all sublicenses.

#### 4. LICENSE ISSUE FEE

- 4.1. Licensee shall pay Berkeley Lab a license issue fee of \$100,000 according to the following schedule: \$10,000 due 30 days from the Effective Date; \$25,000 due six months from the Effective Date; \$25,000 due seven months from the Effective Date; and \$40,000 due eight months from the Effective Date.
- 4.2. This fee is non-refundable and is not an advance against royalties.



## 5. ROYALTIES AND PAYMENTS

- 5.1. Licensee shall pay to Berkeley Lab an earned royalty of ~~0~~% of the Selling Price of each Licensed Product Licensee sells.
- 5.2. If Licensee obtains a license from a third party to a patent that must otherwise be infringed by Licensee in order to practice one or more of the Licensed Patents in making the Licensed Product ("Dominating Patent") Licensee may deduct up to fifty percent (50%) of the amount of any earned royalty Licensee pays to the licensor of such Dominating Patent from the earned royalties otherwise payable hereunder to Berkeley Lab for the Licensed Patents; provided however that the earned royalty rate payable by Licensee to Berkeley Lab on the Licensed Products shall not be reduced to less than ~~0~~% of the Selling Price of each Licensed Product Licensee sells.
- 5.3. Under this Agreement a Licensed Product is considered as sold when invoiced, or if not invoiced, when delivered to a third party. But when the license terminates, any shipment made on or before the day of that expiration or termination that has not been billed out before is considered as sold (and therefore subject to royalty). Berkeley Lab shall credit royalties that Licensee pays on a Licensed Product that the customer does not accept.
- 5.4. For each sublicense, Licensee shall pay Berkeley Lab the same royalties it would pay if Licensee were making, using, or selling Licensed Products under this Agreement and shall pay Berkeley Lab fifty percent (50%) of any fees paid under such sublicense. The royalties paid to Licensee may exceed the royalties paid to Berkeley Lab.
- 5.5. Licensee shall pay to Berkeley Lab by August 31 of each year the difference between the earned royalties for that calendar year Licensee has already paid to Berkeley Lab and the minimum annual royalty set forth in the following schedule. Berkeley Lab shall credit that minimum annual royalty paid against the earned royalty due and owing for the calendar year in which Licensee made the minimum payment.

<u>Calendar Year</u>	<u>Minimum Annual Royalty</u>
2018	\$ 50,000
2019	\$ 100,000
2020	\$ 175,000
2021	\$ 250,000
2022 and each year thereafter	\$ 300,000

- 5.6. Licensee shall pay Berkeley Lab each of the following milestone payments upon the first achievement of the milestone event indicated below with respect to the first Licensed Product:
  - 5.6.1. Upon Market Approval of a Licensed Product, Licensee shall pay Berkeley Lab \$150,000 in accordance with paragraph 5.7 and 5.8. "Marketing Approval" means, with respect to a Licensed Product, all approvals, licenses, registrations and authorizations necessary for the marketing and sale of such Licensed Product in a regulatory jurisdiction.

- 5.6.2. Upon reaching \$10M in cumulative gross sales of the Licensed Product, Licensee shall pay Berkeley Lab \$300,000 in accordance with paragraph 5.7 and 5.8.
- 5.7. Licensee shall send payment for royalties, sublicensing fees, and milestone payments accruing to Berkeley Lab quarterly together with its royalty report under paragraph 7.3.
- 5.8. In the event of a Change of Control, Licensee shall pay Berkeley Lab the greater \$500,000 or one percent (1%) cash payment based on the value of the acquisition within thirty (30) days of the date the acquisition is concluded. Such payment is nonrefundable and noncreditable to other payments due under this Agreement.
- 5.9. Licensee shall make checks payable to "The Regents of the University of California (Berkeley Lab/2015-0727)." Licensee shall pay Berkeley Lab only in United States dollars.
- 5.10. Licensee may not reduce royalties payable by any taxes, fees, or other charges imposed on the remittance of royalty income. Licensee is also responsible for all bank transfer charges.
- 5.11. If Licensee cannot promptly remit any royalties for sales in any country where a Licensed Product is sold because of legal restrictions, upon notice to Berkeley Lab, Licensee may deposit in United States funds royalties due Berkeley Lab to Berkeley Lab's account in a bank or other depository in that country. If Licensee is not permitted to deposit those payments in U.S. funds under the laws of that country, Licensee may deposit those payments in the local currency to Berkeley Lab's account in a bank or other depository in that country.
- 5.12. If a court of competent jurisdiction and last resort holds invalid any patent or any of the patent claims within Licensed Patent in a final decision from which no appeal has or can be taken, Licensee's obligation to pay royalties based on that patent or claim will cease as of the date of that final decision. Licensee, however, shall pay any royalties that accrued before that decision or that are based on another patent or claim not involved in that decision or on Licensed Software or Berkeley Lab Developed Work.
- 5.13. Licensee has no duty to pay Berkeley Lab royalties under this Agreement on a Licensed Product Licensee sells to the United States Government including any United States Government agency. Licensee shall reduce the amount charged for a Licensed Product sold to the United States Government by an amount equal to the royalty otherwise due Berkeley Lab. For the avoidance of doubt, reimbursement by Medicare, Medicaid or any similar reimbursement is not a sale to the U.S. Government or U.S. Government agency.

## **6. PERFORMANCE REQUIREMENTS**

- 6.1. Licensee shall diligently proceed with the development, manufacture and sale of Licensed Products and shall diligently endeavor to market them within a reasonable time after the Effective Date in quantities sufficient to meet the market demand.

- 6.2. Licensee shall make best efforts to obtain all necessary governmental approvals for the manufacture, use and sale of Licensed Products.
- 6.3. Licensee is entitled to exercise prudent and reasonable business judgment in meeting its performance requirements under this Agreement.
- 6.4. If Licensee is unable to perform any of the following, then Berkeley Lab may either terminate this Agreement or reduce this limited exclusive license to a nonexclusive license:
  - 6.4.1. Within six months of the Effective Date, raise a minimum of \$2MM Canadian Dollars for the further development of Licensed Product;
  - 6.4.2. Within 12 months of the Effective Date, complete a intellectual property evaluation of the Licensed IP and engage a FDA consulting firm to assist in the approval process for a Licensed Product;
  - 6.4.3. Within 18 months of the Effective Date, complete prototype construction of Licensed Product and raise a minimum of \$2MM Canadian Dollars for further development of the Licensed Product;
  - 6.4.4. Within 24 months of the Effective Date, complete clinical testing of the Licensed Product;
  - 6.4.5. Within 36 months of the Effective Date, submit applications to the FDA for the necessary approvals required to market the Licensed Product;
  - 6.4.6. Within 48 months of the Effective Date, begin marketing the Licensed Product to cardiology clinics and primary care provider;
  - 6.4.7. Within 54 months of the Effective Date, begin selling the Licensed Product; or
  - 6.4.8. at any time during the exclusive period of this Agreement, reasonably fill the market demand for Licensed Products following commencement of marketing.
- 6.5. Licensee and Berkeley Lab by mutual written consent may amend or extend the requirements of paragraphs 6.4.1-6.4.8 at the written request of Licensee in response to legitimate business reasons.

## **7. PROGRESS AND ROYALTY REPORTS**

- 7.1. Beginning May 31, 2016 and semi-annually thereafter (i.e., by each May 31 and November 30), Licensee shall submit to Berkeley Lab a progress report covering Licensee's activities related to the development and testing of all Licensed Products and the obtaining of the governmental approvals necessary for marketing. Licensee shall make these progress reports until the later of (a) completion of the performance requirements of paragraphs 6.4.1-6.4.4 or (b) commercial sales of the Licensed Product for the third consecutive quarter.
- 7.2. The progress reports Licensee submits under paragraph 7.1 must include, but not be limited to, the following topics:

- 7.2.1. summary of work completed related to the requirements of paragraph 6.4;
  - 7.2.2. key scientific discoveries;
  - 7.2.3. summary of work in progress;
  - 7.2.4. current schedule of anticipated milestones; and
  - 7.2.5. market plans for introduction of Licensed Products; and
  - 7.2.6. number of full-time equivalent employees or agents (FTEs) working on the development of Licensed Products and overall number of FTEs employed by Licensee (the latter shall not be treated confidentially).
- 7.3. Upon the earlier of four years after the Effective Date or after the first commercial sale of a Licensed Product, Licensee shall make quarterly royalty reports to Berkeley Lab on or before February 28, May 31, August 31 and November 30 of each year. Each royalty report must cover the most recently completed calendar quarter and must show for all sales (or other disposition in accordance with paragraph 2.11):
- 7.3.1. the Selling Price of each type of Licensed Product sold by Licensee;
  - 7.3.2. the number of each type of Licensed Product sold;
  - 7.3.3. the royalties, in U.S. dollars, payable under this Agreement on those sales;
  - 7.3.4. the exchange rates used in calculating the royalty due;
  - 7.3.5. the royalties on government sales that otherwise would have been due under paragraph 5.13; and
  - 7.3.6. for each sublicense, if any:
    - (1) the sublicensee;
    - (2) the information set forth in paragraphs 7.3.1 to 7.3.5 for that sublicensee's sales or other disposition of Licensed Product.
- 7.4. If no sales of Licensed Products have been made during any required reporting period, Licensee shall make a statement to this effect.

## **8. BOOKS AND RECORDS**

- 8.1. Licensee shall keep books and records accurately showing all Licensed Products manufactured, used, sold, imported or otherwise disposed of under the terms of this Agreement. Licensee shall preserve those books and records for at least five years from the date of the royalty payment to which they pertain and shall open them to inspection by representatives or agents of Berkeley Lab at reasonable times.
- 8.2. Berkeley Lab shall bear the fees and expenses of Berkeley Lab's representatives performing the examination of the books and records. But if the representatives discover an error in royalties of more than 5% of the total royalties due for any year, then Licensee shall bear the fees and expenses of these representatives and the difference between the

earned royalties and the reported royalties (which shall be subject to the provisions of article 20. (LATE PAYMENTS)).

## **9. LIFE OF THE AGREEMENT**

- 9.1. Unless otherwise terminated by operation of law or by acts of the parties in accordance with the terms of this Agreement, this Agreement is in force from the Effective Date and expires concurrently with the last-to-expire copyright.
- 9.2. Any termination of this Agreement shall not affect the rights and obligations set forth in the following articles:
  - Article 8. BOOKS AND RECORDS
  - Article 9. LIFE OF THE AGREEMENT
  - Article 12. DISPOSITION OF LICENSED PRODUCTS UPON TERMINATION
  - Article 13. USE OF NAMES AND NONDISCLOSURE OF AGREEMENT
  - Article 14. LIMITED WARRANTY
  - Article 19. INDEMNIFICATION
  - Article 21. NOTICES
  - Article 25. EXPORT CONTROL LAWS
- 9.3. Termination does not affect in any manner any rights of Berkeley Lab arising under this Agreement before the termination.

## **10. TERMINATION BY BERKELEY LAB**

- 10.1. If Licensee violates or fails to perform any material term of this Agreement, then Berkeley Lab may give written notice of such default ("Default Notice") to Licensee. If Licensee fails to cure that default and provide Berkeley Lab with reasonable evidence of the cure within 60 days of the Default Notice, Berkeley Lab may terminate this Agreement and the licenses granted by a second written notice ("Termination Notice") to Licensee. If Berkeley Lab sends a Termination Notice to Licensee, this Agreement automatically terminates on the effective date of the Termination Notice.
- 10.2. This Agreement will terminate immediately if Licensee files a claim including in any way the assertion that any portion of the Licensed Software or Berkeley Lab Developed Work copyrights or Licensed Patents are invalid or unenforceable where the filing is by the Licensee, a third party on behalf of the Licensee, or a third party at the written urging of the Licensee.
- 10.3. The parties agree that upon the first occurrence of any of the events listed in this paragraph 10.3, Licensee is in default or breach of the Agreement for purposes of paragraph 10.1:
  - 10.3.1. the Licensee consummates an assignment of this Agreement, or of substantially all of its assets for the benefit of one or more creditors;

- 10.3.2. the Licensee files or is the subject of any filing, whether involuntary or voluntary, in any court, tribunal, or adjudicatory forum, of any receivership, insolvency proceeding (other than bankruptcy), dissolution proceeding, court-supervised liquidation, auction or disposition of assets, which is not dismissed within thirty (30) days;
  - 10.3.3. the Licensee petitions or applies to any court, tribunal, or adjudicatory body for, or consents to, the appointment of or taking of possession by a trustee, conservator, executor, executrix, administrator, insolvency professional, receiver, examiner, custodian, liquidator or similar officer, of the Licensee, which continues undischarged for a period of thirty (30) days or more; or
  - 10.3.4. any petition or application for reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution, liquidation, bankruptcy or similar proceeding is filed by or on behalf of the Licensee, or any such proceeding is commenced against the Licensee which is not dismissed within thirty (30) days; or
  - 10.3.5. any order, judgment, or decree is entered in any proceeding against the Licensee decreeing the dissolution, sale, liquidation, mortgage, encumbrance, or disposition of the Licensee, and such order, judgment, or decree remains unstayed and in effect for more than thirty (30) days.
- 10.4. At the first occurrence of any of the events listed in paragraph 10.3, Licensee is in default or breach of the Agreement.

## **11. TERMINATION BY LICENSEE**

- 11.1. Licensee at any time may terminate this Agreement in whole or as to any portion of the Licensed IP including the Licensed Patents by giving written notice to Berkeley Lab. Licensee's termination notice must indicate whether Licensee has any inventory of Licensed Products. Licensee's termination of this Agreement will be effective 90 days after its notice.

## **12. DISPOSITION OF LICENSED PRODUCTS UPON TERMINATION**

- 12.1. Within 45 days of termination of this Agreement for any reason, Licensee shall provide Berkeley Lab with a written inventory of all Licensed Products in process of manufacture or in stock. Licensee shall dispose of those Licensed Products within 120 days of termination. The sale of any Licensed Product within the 120 days following termination is subject to the terms of this Agreement.

## **13. USE OF NAMES AND NONDISCLOSURE OF AGREEMENT**

- 13.1. In accordance with California Education Code Section 92000, Licensee shall not use in advertising, publicity or other promotional activities any name, trade name, trademark, or other designation of the University of California, nor shall Licensee so use "Ernest

Orlando Lawrence Berkeley National Laboratory” or “Department of Energy” (including any contraction, abbreviation, or simulation of any of the foregoing) without Berkeley Lab's prior written consent.

- 13.2. Neither party may disclose the terms of this Agreement to a third party without express written permission of the other party, except when required under either the California Public Records Act or other applicable law or court order. Notwithstanding the foregoing, Berkeley Lab may disclose the existence of this Agreement and the extent of the grant in article 3. (LICENSE GRANT) but shall not otherwise disclose the terms of this Agreement, except to the DOE.

#### **14. LIMITED WARRANTY**

- 14.1. Berkeley Lab warrants to Licensee that it has the lawful right to grant this license.
- 14.2. This license and the associated Invention are provided WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. BERKELEY LAB MAKES NO REPRESENTATION OR WARRANTY THAT LICENSED PRODUCTS WILL NOT INFRINGE ANY PATENT OR OTHER PROPRIETARY RIGHT.
- 14.3. IN NO EVENT WILL BERKELEY LAB BE LIABLE FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM EXERCISE OF THIS LICENSE OR THE USE OF THE INVENTION, THE LICENSE PATENTS, THE LICENSED SOFTWARE OR LICENSED PRODUCTS. IN NO EVENT WILL BERKELEY LAB BE LIABLE FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM LICENSEE'S OR ITS SUBLICENSEE'S USE OF THE QT SOFTWARE OR SALE OF A LICENSED PRODUCT IN CONJUNCTION WITH THE QT SOFTWARE.
- 14.4. Nothing in this Agreement may be construed as:
- 14.4.1. a warranty or representation by Berkeley Lab as to the validity or scope of any of Berkeley Lab's rights in Licensed IP;
  - 14.4.2. a warranty or representation that anything made, used, sold or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of any patents other than Licensed Patents;
  - 14.4.3. an obligation to bring or prosecute actions or suits against third parties for patent or copyright infringement, except as specifically provided for in article 16. (PATENT AND COPYRIGHT INFRINGEMENT);
  - 14.4.4. a grant by implication, estoppel or otherwise of any license or rights under any patents of Berkeley Lab other than Licensed Patents, regardless of whether such patents are dominant or subordinate to Licensed Patents;
  - 14.4.5. an obligation to furnish any know-how not provided in Licensed Patents; or
  - 14.4.6. a license or other grant of any rights to the Qt Software.

- 14.5. Licensee, by execution hereof, acknowledges and agrees that Licensee has not been induced in any way by Berkeley Lab employees or agents thereof to enter into this Agreement, and further warrants and represents that (a) Licensee has conducted sufficient due diligence with respect to all items and issues pertaining to this Agreement; and (b) Licensee has adequate knowledge and expertise, or has used knowledgeable and expert consultants, to adequately conduct such due diligence, and agrees to accept all risks inherent herein.

## 15. PATENT MATTERS

- 15.1. Berkeley Lab shall prepare, file, prosecute and maintain patent applications and patents relating to inventions included in the Licensed Patents using patent counsel of its choice, and shall consult and cooperate with Licensee in connection therewith. Berkeley Lab shall copy Licensee promptly on all U.S.P.T.O. and foreign patent office actions so that Licensee shall be informed of the continuing prosecution. Notwithstanding the foregoing, Berkeley Lab may take any action useful or necessary to obtain and preserve its patent rights in Licensed Patents. Berkeley Lab shall use all reasonable efforts to amend any patent application to include claims and/or legal arguments reasonably requested by Licensee to protect the Licensed Products Licensee contemplates selling. Licensee shall keep confidential documents from patent offices and patent related filings and associated drafts.
- 15.2. Licensee agrees to reimburse Berkeley Lab for all of Berkeley Lab's Patent Costs including, without limitation, Patent Costs incurred prior to the Effective Date ("Past Patent Costs") in accordance with this paragraph 15.2. Past Patent Costs are approximately \$42,200. Licensee shall pay 50% of Past Patent Costs within six months of the Effective Date and the remaining 50% of Past Patent Costs within 12 months of the Effective Date. The obligation to pay Patent Costs accrues on the Effective Date
- 15.3. Berkeley Lab shall provide Licensee with a description of Patent Costs incurred when invoicing Licensee for those costs; provided, however, that for any Patent Costs for which Berkeley Lab has received an estimate of Patent Costs in excess of \$10,000 (including without limitation for Patent Costs for multiple Licensed Patents that collectively exceed \$10,000 as, for example, with a group of national phase filings) (hereafter, "Substantial Patent Costs"), Berkeley Lab may require payment in advance of 80% of the estimated Substantial Patent Costs prior to incurring such Substantial Patent Costs. Licensee's obligation to reimburse Patent Costs continues for so long as this Agreement remains in effect, provided, however, that Licensee may terminate its obligations under this Agreement with respect to any given patent application or patent upon three months written notice to Berkeley Lab. After such notice or when this Agreement terminates, Berkeley Lab may continue prosecution and/or maintenance of those application(s) or patent(s) at its sole discretion and, after the three-months notice period, expense; provided, however, that Licensee will have no further license or other right to them. Licensee shall pay Patent Costs within 30 days of invoicing by Berkeley Lab. If Licensee does not pay Patent Costs within 60 days following invoicing, Berkeley Lab may send Licensee a written notice ("Delayed Patent Cost Notice"). If Berkeley Lab



does not receive such payment from Licensee within 10 business days of such Delayed Patent Cost Notice then Berkeley Lab shall have no obligation to prepare, file, prosecute or maintain Licensed Patents, notwithstanding anything to the contrary in this Agreement.

- 15.4. Licensee may request that Berkeley Lab seek patent protection on the Licensed Patents in foreign countries if available. Berkeley Lab has no obligation to take action to file foreign patent applications unless Licensee provides written notice to Berkeley Lab at least six weeks before any applicable bar and that notice states which countries, regions or Patent Cooperation Treaty filing Licensee desires. If Licensee timely provides such notice, then Berkeley Lab shall timely make such foreign filings. The absence of the required notice from Licensee to Berkeley Lab acts as an election not to secure foreign rights.
- 15.5. Berkeley Lab may file patent applications at its own expense in any country in which Licensee has not elected to secure patent rights. Those applications and resultant patents shall not be subject to this Agreement.
- 15.6. Licensee shall promptly notify Berkeley Lab of any change in its status as a small business concern and of the first sublicense granted to an entity that does not qualify as a small business concern. A "small business concern" as used in this paragraph is as defined by the U.S. Patent and Trademark Office; currently, that is a company whose number of employees, including affiliates, does not exceed 500 persons (13 C.F.R. 121.802). If Licensed Patents includes any Canadian patent application or patent, Licensee shall notify Berkeley Lab in writing when Licensee has 50 employees.

## **16. PATENT AND COPYRIGHT INFRINGEMENT**

- 16.1. If Licensee learns of the infringement of any Licensed Patents, Licensed Software, or Berkeley Lab Developed Work that is of potential commercial significance (an "Infringement"), Licensee shall so inform Berkeley Lab in writing and shall provide Berkeley Lab with reasonable evidence of such Infringement (the "Infringement Notice"). During the period and in a jurisdiction where Licensee has exclusive rights under this Agreement, neither party may notify a possible infringer of any Infringement without first obtaining written consent of the other party, which consent shall not be unreasonably denied. If the Licensee puts such infringer on notice of any Infringement without first obtaining the written consent of Berkeley Lab and if a declaratory judgment action is filed by such infringer against Berkeley Lab, then Licensee's right to initiate a suit against such infringer for Infringement under paragraph 16.2 below will terminate immediately without the obligation of Berkeley Lab to provide notice to the Licensee. Both parties shall seek in cooperation with each other to terminate such Infringement without litigation.
- 16.2. If the Infringement has not been abated within ninety (90) days following the date of receipt by Berkeley Lab of the Infringement Notice, then the Licensee may institute suit for patent or copyright infringement against the infringer. Berkeley Lab may voluntarily

join such suit at its own expense, but may not otherwise commence suit against the infringer for the acts of infringement that are the subject of the Licensee's suit or any judgment rendered in that suit. The Licensee may not join Berkeley Lab as a party in a suit initiated by the Licensee without Berkeley Lab's prior written consent. Berkeley Lab will not withhold its consent if Berkeley Lab is a necessary party for standing purposes and it obtains the approval of the Board of Regents of the University of California and DOE, which Berkeley Lab will seek in good faith to obtain as soon as possible. If, in a suit initiated by the Licensee, Berkeley Lab is involuntarily joined other than by the Licensee, then the Licensee will pay any costs incurred by Berkeley Lab arising out of such suit, including but not limited to, any legal fees of counsel that Berkeley Lab selects and retains to represent it in the suit.

- 16.3. If the Infringement has not been abated within a hundred and twenty (120) days following the date of receipt by Berkeley Lab of the Infringement Notice and the Licensee has not brought suit against the infringer, then Berkeley Lab may initiate suit for patent infringement against the infringer. If Berkeley Lab initiates such suit, then the Licensee may not join such suit without Berkeley Lab's written consent and may not thereafter commence suit against the infringer for the acts of Infringement that are the subject of Berkeley Lab's suit or any judgment rendered in that suit.
- 16.4. In any suit initiated by Licensee, any recovery or settlement received in connection with any suit will first be shared by Berkeley Lab and the Licensee equally to cover any litigation costs each incurred and next shall be paid to Berkeley Lab or the Licensee to cover any litigation costs it incurred in excess of the litigation costs of the other. In any suit initiated by the Licensee, any recovery in excess of litigation costs will be shared between Licensee and Berkeley Lab as follows: (a) for any recovery other than amounts paid for willful infringement: (i) Berkeley Lab will receive fifteen percent (15%) of the recovery if Berkeley Lab was not a party in the litigation and did not incur any litigation costs, (ii) Berkeley Lab will receive twenty-five percent (25%) of the recovery if Berkeley Lab was a party in the litigation whether joined as a party under the provisions of paragraph 16.2 or otherwise, but Berkeley Lab did not incur any litigation costs, and (iii) Berkeley Lab will receive fifty percent (50%) of the recovery if Berkeley Lab incurred any litigation costs in connection with the litigation; and (b) for any recovery for willful infringement, Berkeley Lab will receive fifty percent (50%) of the recovery. In any suit initiated by Berkeley Lab, any recovery in excess of litigation costs will belong to Berkeley Lab. Berkeley Lab and the Licensee agree to be bound by all determinations of patent infringement, validity and enforceability (but no other issue) resolved by any adjudicated judgment in a suit brought in compliance with this article 16. (PATENT AND COPYRIGHT INFRINGEMENT).
- 16.5. Each party shall cooperate with the other in litigation proceedings instituted under this Agreement but at the expense of the party on account of whom suit is brought. Any litigation proceedings will be controlled by the party bringing suit, except that Berkeley Lab may elect to be represented by counsel of its choice in any suit brought by Licensee.

## 17. WAIVER

- 17.1. The waiver of any breach of any term of this Agreement does not waive any other breach of that or any other term.

## 18. ASSIGNMENT

- 18.1. This Agreement is binding upon and shall inure to the benefit of Berkeley Lab, its successors and assigns. Licensee may assign this Agreement, upon notice to Berkeley Lab, as a result of the transfer or sale of all or substantially all of its assets or business related to this Agreement, in the event of its merger, sale, consolidation, or change of control. Any other assignment of, or attempt by Licensee to assign, this Agreement is void unless Licensee obtains the prior written consent of Berkeley Lab, which Berkeley Lab shall not unreasonably withhold. Examples of reasonable grounds to withhold consent include without limitation the concerns of Berkeley Lab as a constitutionally established entity in the State of California for public health and safety as a public institution, as well as in the maintenance of its reputation and sound administration of its assets. Any attempt by Licensee to assign this Agreement is void unless Licensee meets the requirements specified in paragraph 18.1.

## 19. INDEMNIFICATION

- 19.1. Licensee agrees to indemnify, hold harmless and defend Berkeley Lab and the U.S. Government and their officers, employees, and agents; the sponsors of the research that led to the Invention; and the inventors of the patents and patent applications in Licensed Patents and developers of Licensed Software and Berkeley Lab Developed Works who have assigned all rights to Berkeley Lab, and their employers against any and all claims, suits, losses, damage, costs, fees, and expenses resulting from or arising out of exercise of this license or any sublicense. Licensee shall pay all costs incurred by Berkeley Lab in enforcing this indemnification, including reasonable attorney fees.
- 19.2. Licensee, at its sole expense, shall insure its activities in connection with the work under this Agreement and obtain and keep in force Commercial Form General Liability Insurance (contractual liability and products liability included) with limits as follows:
- |   |             |
|---|-------------|
| 19.2.1. Each Occurrence                         | \$1,000,000 |
| 19.2.2. Products/Completed Operations Aggregate | \$5,000,000 |
| 19.2.3. Personal and Advertising Injury         | \$1,000,000 |
| 19.2.4. General Aggregate                       | \$5,000,000 |
- 19.3. The coverages and limits referred to in this Article 19 do not in any way limit the liability of Licensee. Licensee shall furnish Berkeley Lab with certificates of insurance, including renewals, evidencing compliance with all requirements at least 30 days prior to the first commercial sale, use, practice or distribution of a Licensed Product.

- 19.3.1. If such insurance is written on a claims-made form, coverage shall provide for a retroactive date of placement on or before the Effective Date.
- 19.3.2. Licensee shall maintain the general liability insurance specified during: (a) the period that the Licensed Product is being commercially distributed or sold by Licensee or by a sublicensee or agent of Licensee, and (b) a reasonable period thereafter, but in no event less than five years.
- 19.4. The insurance coverage of paragraph 19.2 must:
  - 19.4.1. Provide for 30-day advance written notice to Berkeley Lab of cancellation or of any modification.
  - 19.4.2. Indicate that DOE, "The Regents of the University of California" and its officers, employees, students, agents, are endorsed as additional insureds.
  - 19.4.3. Include a provision that the coverages are primary and do not participate with, nor are excess over, any valid and collectible insurance or program of self-insurance carried or maintained by Berkeley Lab.
- 19.5. Licensee shall secure appropriate indemnification, acceptable to Berkeley Lab, by a third party before initiating human clinical trials of a Licensed Product.

## **20. LATE PAYMENTS**

- 20.1. If Licensee does not make a payment to Berkeley Lab when due, Licensee shall pay to Berkeley Lab such reasonable administrative fees and interest as Berkeley Lab generally charges third parties on overdue accounts.

## **21. NOTICES**

- 21.1. Any payment, notice or other communication this Agreement requires or permits either party to give must be in writing to the appropriate address given below, or to such other address as one party designates by written notice to the other party. The parties deem payment, notice or other communication to have been properly given and to be effective (a) on the date of delivery if delivered in person; (b) on the fourth day after mailing if mailed by first-class mail, postage paid; (c) on the second day after delivery to an overnight courier service such as Federal Express, if sent by such a service; or (d) upon confirmed transmission by fax or email. The parties' addresses are as follows:

In the case of Berkeley Lab:

Lawrence Berkeley National Laboratory  
Innovations and Partnership Office  
One Cyclotron Road, Bldg. 56A-120  
Berkeley, CA 94720  
Attention: Licensing Manager  
Tel: (510) 486-6467  
Fax: (510) 495-2950  
Email: LicensingManager@lbl.gov

In the case of Licensee:

Lexington Biosciences, Inc.  
4220 Bond Creek Court  
Reno, Nevada  
89519  
Attention: Bill Galine  
Tel: 775-737-3292  
Email: billgaline@gmail.com

## **22. U.S. MANUFACTURE**

- 22.1. Licensee shall have Licensed Products produced for sale in the United States manufactured substantially in the United States so long as Licensee has current exclusive rights in the Field of Use.

## **23. PATENT MARKING**

- 23.1. Licensee shall mark all Licensed Products made, used or sold under this Agreement, or their containers, in accordance with the applicable patent marking laws.

## **24. GOVERNMENT APPROVAL OR REGISTRATION**

- 24.1. If the law of any nation requires that any governmental agency either approve or register this Agreement or any associated transaction, Licensee shall assume all legal obligation to do so. Licensee shall notify Berkeley Lab if it becomes aware that this Agreement is subject to a U.S. or foreign government reporting or approval requirement. Licensee shall make all necessary filings and pay all costs, including fees, penalties, and all other costs associated with such reporting or approval process.

## **25. EXPORT CONTROL LAWS**

- 25.1. Licensee shall observe all applicable United States and foreign laws and regulations with respect to the transfer of Licensed Products and related technical data, including, without limitation, the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations. The export of any technology from the United States, including without limitation the Licensed Products and related technical data, may require some form of export control license from the U.S. Government and, pursuant to U.S. laws, failure to obtain such export control license may result in criminal liability.

## **26. FORCE MAJEURE**

- 26.1. If a party's performance required under this Agreement is rendered impossible or unfeasible due to any catastrophes or other major events beyond its reasonable control, including, without limitation, the following, the parties are excused from performance: war, riot, and insurrection; laws, proclamations, edicts, ordinances or regulations; strikes, lockouts or other serious labor disputes; and floods, fires, explosions, or other natural disasters. When such events abate, the parties' respective obligations under this Agreement must resume.

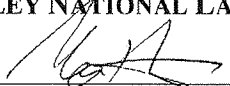
## **27. MISCELLANEOUS**

- 27.1. The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.
- 27.2. This Agreement is not binding upon the parties until it is signed below on behalf of each party.
- 27.3. No amendment or modification hereof shall be valid or binding upon the parties unless made in writing and signed on behalf of each party.
- 27.4. This Agreement embodies the entire and final understanding of the parties on this subject. It supersedes any previous representations, agreements, or understandings, whether oral or written.
- 27.5. If a court of competent jurisdiction holds any provision of this Agreement invalid, illegal or unenforceable in any respect, this Agreement must be construed as if that invalid or illegal or unenforceable provision is severed from the Agreement, provided, however, that the parties shall negotiate in good faith substitute enforceable provisions that most nearly effect the parties' intent in entering into this Agreement.

- 27.6. This Agreement must be interpreted under California law, without giving effect to any choice of law rules that would result in the application of laws of any jurisdiction other than California.

Berkeley Lab and Licensee execute this Agreement in duplicate originals through their duly authorized respective officers in one or more counterparts, that taken together, are but one instrument.

**THE REGENTS OF THE UNIVERSITY  
OF CALIFORNIA, THROUGH THE  
ERNEST ORLANDO LAWRENCE  
BERKELEY NATIONAL LABORATORY**


By   
(Signature)

By Horst Simon, Ph.D.

Title Deputy Laboratory Director

Date 12/4/2015

**LEXINGTON BIOSCIENCES, INC.**

By   
(Signature)

By WILLIAM GALINE  
(Please Print)

Title CHAIRMAN OF THE BOARD

Date 12-11-2015

**APPROVED TO FORM**

  
**Chief Laboratory Counsel**