

**Draft 040325(TU)**

**Material Transfer Agreement (Draft)**  
[for commercial purposes]

This Agreement, effective as of the \_\_\_\_ day of \_\_\_\_\_, 2004 (“Effective Date”) between Nara Institute of Science and Technology (hereinafter referred to as “NAIST”), having its principal office at 8916-5 Takayama-cho, Ikokama-shi, Nara-ken, Japan, and AAA COMPANY (hereinafter referred to as “COMPANY”), having its principal office at \_\_\_\_\_; (hereinafter NAIST and COMPANY are referred to individually as “Party”, and collectively as “Parties”)

WITNESSTH:

WHEREAS, NAIST is the owner of various materials usable for research purposes;

WHEREAS, COMPANY wishes to obtain certain material from NAIST for use as test samples in conducting certain research work; and

WHEREAS, NAIST is willing to transfer the material to COMPANY subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the Parties agree as follows.

Article 1: DEFINITIONS

- 1.1. “MATERIAL” means the material called [ ] which may be used only as test samples.
- 1.2. “DERIVATIVE” means any cell, DNA, RNA, protein product or progeny produced by the replication or derivation of the MATERIAL.
- 1.3. “INFORMATION” means any information and data owned by NAIST relating directly or indirectly to the MATERIAL.
- 1.4. “PATENT” means [ ] which is owned by NAIST with respect to the MATERIAL.
- 1.5. “RESEARCH” means the research titled [ ] which is conducted by COMPANY in order to [ ].

- 1.6. "RESULT" means any result of the RESEARCH, including without limitation, any invention, discovery, device, creation, data and information generated, made or obtained in the RESEARCH.
- 1.7. "IP" means any intellectual property right.

#### Article 2: TRANSFER OF MATERIAL

Subject to the terms and conditions herein contained, NAIST shall transfer [INSERT QUANTITY] of the MATERIAL to COMPANY by courier within forty-five (45) days after the Effective Date.

#### Article 3: PRICE AND PAYMENT

- 3.1. The transfer price of the MATERIAL (including the transportation charges) shall be [ ] Japanese yen (¥[ ]) per [ ].
- 3.2. Within twenty (20) days from the date of COMPANY's receipt of the MATERIAL, COMPANY shall pay the transfer price to NAIST by telegraphic transfer to the bank account to be designated by NAIST.

#### Article 4: PRODCUTION OF DERIVATIVE

- 4.1. COMPANY may produce at its own costs and expenses any DERIVATIVE that is needed by COMPANY for the RESEARH. Promptly after the production, COMPANY shall provide NAIST with the name of the DERIVATIVE and other information to be requested by NAIST relating to the DERIVATIVE.
- 4.2. Upon NAIST's request, COMPANY shall supply to NAIST an available quantity of the DERIVATIVE produced by COMPANY under the supply price and other conditions to be mutually agreed in consideration of the ownership of the rights to the DERIVATIVE determined pursuant to Section 9.1.

#### Article 5: DISCLOSURE OF INFORMATION

NAIST shall disclose to COMPANY such INFORMATION as NAIST considers necessary or useful for and in connection with the use of the MATERIAL and the DERIVATIVE or the conduct of the RESEARCH. Further, NAIST shall disclose such additional INFORMATION as may be reasonably requested by COMPANY and available to NAIST for disclosure for and in connection with the use of the MATERIAL and the DERIVATIVE or the conduct of the RESEARCH. In any event, NAIST may decide, at its sole discretion,

the contents and scope of the disclosure of the INFORMATION.

Article 6: PURPOSE OF USE

- 6.1. COMPANY shall use the MATERIAL, the DERIVATIVE (if produced) and the INFORMATION for the sole purpose of conducting the RESEARCH and shall not use the MATERIAL, the DERIVATIVE and the INFORMATION for any other purpose. The Research shall be conducted at COMPANY's own responsibility and costs and expenses.
- 6.2. COMPANY shall limit the access to the INFORMATION, the MATERIAL and the DERIVATIVE to COMPANY's officers and employees who need to have such access for carrying out the RESEARCH.
- 6.3. COMPANY shall use, treat, keep and manage the MATERIAL and the DERIVATIVE with utmost care, taking it into consideration that the MATERIAL and the DERIVATIVE are "genes" (or "chemical substances), and shall conduct the RESEARCH with appropriate cautions and prudence.
- 6.4. COMPANY shall not use the MATERIAL and the DERIVATIVE in humans.

Article 7: PROHIBITION OF ASSIGNMENT AND LENDING

COMPANY shall not transfer, assign or lend the MATERIAL, the DERIVATIVE and the INFORMATION to any third party.

Article 8: REPORTS ON RESEARCH AND RESULT

- 8.1. COMPANY shall submit to NAIST a quarterly report on the progress of the RESEARCH, and shall keep NAIST promptly reported if and whenever there is any significant development in the RESEARCH, any finding of abnormality, any other noticeable matter related to or in the course of the RESEARCH.
- 8.2. Within twenty (20) days after the completion or discontinuation of the RESEARCH, COMPANY shall submit to NAIST a final report on the results of the RESEARCH and shall deliver a copy of all the RESULT to NAIST.

Article 9: OWNERSHIP OF DERIVATIVE, RESULT AND IP

- 9.1. All the rights to the DERIVATIVE produced pursuant to Section 4.1 shall be owned:
  - (1) jointly by NAIST and COMPANY in the case that the

DERIVATIVE has been produced by combining the MATERIAL with another material owned by COMPANY or by using COMPANY's own proprietary technology, and the share of the ownership for such DERIVATIVE shall be fairly and reasonably agreed upon by the Parties in consideration of the degree of each Party's contribution toward such DERIVATIVE, reflecting also the contribution of the PATENT, the INFORMATION and the MATERIAL.

(2) solely by NAIST in other cases.

9.2. All the rights to the RESULT shall be owned jointly by NAIST and COMPANY, and the share of the ownership for the RESULT shall be fairly and reasonably agreed upon by the Parties in consideration of the degree of each Party's contribution toward the RESULT, reflecting also the contribution of the PATENT, the INFORMATION, the MATERIAL and the DERIVATIVE.

9.3. Any IP with respect to the DERIVATIVE and the RESULT of the joint ownership shall be jointly owned by the Parties (hereinafter referred to as JOINT IP) in proportion to the ownership shares agreed upon under Section 9.1 or Section 9.2. Each Party shall bear its portion of the costs and expenses associated with the preparation, application filing, prosecution, registration and maintenance of any JOINT IP. The Parties shall agree upon separately in writing further necessary things and matters related to such preparation, filing, prosecution, registration and maintenance.

9.4. Either of the Parties may, at its option and by written notice to the other Party, abandon its share for any JOINT IP totally or partially. The other Party, if it is willing to do so, shall be entitled to have the entire ownership for such JOINT IP, and the abandoning Party shall assign its rights in such JOINT IP to the other Party and shall be deemed to have hereby waived all rights in and to, and any other rights resulting from such JOINT IP. The abandoning Party shall execute all documents required by the other Party to take necessary steps and procedures to have such entire ownership.

9.5. Either Party shall, upon the other Party's request, cooperate and assist in the preparation, filing, prosecution, registration and maintenance of any IP or JOINT IP.

9.6. In any event, COMPANY shall not mention, without prior written consent of NAIST, the MATERIAL, the DERIVATIVE or the

INFORMATION in any of its applications for any patent or other intellectual property right filed by COMPANY anywhere in the world.

Article 10: PRACTICE AND LICENSING OF RESULT AND IP

- 10.1. In the event that either Party desires to practice by itself any of the RESULT of the joint ownership or the JOINT IP, the Parties shall negotiate in good faith in order to enter into a license agreement whereby the other Party will grant a non-exclusive license to the practicing Party to the extent necessary for the practicing Party to practice the RESULT of the joint ownership or the JOINT IP under such terms and conditions including the territories and the royalties as may be mutually agreed by the Parties. If the licensing of the PATENT or the INFORMATION is necessary in connection with the practice of the RESULT of the joint ownership or the JOINT IP, NAIST shall grant such license to COMPANY under terms and conditions to be mutually agreed.
- 10.2. Notwithstanding the preceding Section 10.1, either Party may freely use, without the other Party's consent and without any payment to the other Party, the RESULT of the joint ownership or the JOINT IP for the sole purpose of its own internal research activity.
- 10.3. In the event that either Party desires to license any of the RESULT of the joint ownership or the JOINT IP to any third party, such Party may grant a non-exclusive license to the third party under terms and conditions to be decided by such Party (unless reasonably disagreed by the other Party), provided that the Parties shall agree upon the licensed territories, the distribution of the received license fees and royalties between the Parties and other necessary matters relating to the licensing.
- 10.4. For the avoidance of doubt, nothing contained in this Agreement shall constitute or shall be deemed to constitute any express or implied grant or licensing by NAIST of the PATENT, the INFORMATION or any IP directly or indirectly related to the MATERIAL or the DERIVATIVE except the right to use them for the RESEARCH to be conducted under this Agreement.

Article 11: DISCLAIMER OF WARRANTY AND INDEMNIFICATION

- 11.1. COMPANY understands and agrees that the MATERIAL and the DERIVATIVE are experimental in nature. NAIST does not make any representation or warranty of efficacy, safety, applicability, merchantability or fitness for any particular purpose and any other warranty, express or implied, with respect to the MATERIAL, the DERIVATIVE and the INFORMATION or any representation or warranty of the validity of the PATENT or non-infringement of any third party's patent or other intellectual property right.
- 11.2. COMPANY shall be responsible for, and shall defend, indemnify and hold NAIST harmless from or against any and all liabilities, damages, losses, claims, costs and expenses (including without limitation those arising or resulting from personal death or injury or property damage, and also including reasonable attorneys' fees and litigation costs and expenses) which may arise or result from or be connected with the RESEARCH or the use of the MATERIAL, the DERIVATIVE or the INFORMATION by COMPANY.

Article 12: CONFIDENTIALITY

- 12.1. COMPANY shall hold the INFORMATION, the MATERIAL and the DERIVATIVE in strict confidence and shall not provide or disclose the same to any third party without the prior written consent of NAIST.
- 12.2. Each Party shall hold the RESULT and unpublished IP or JOINT IP in strict confidence and shall not publish or disclose the same to any third party without the prior written consent of the other Party, unless or until the RESULT, IP or JOINT IP is or becomes solely owned by such Party.
- 12.3. The obligations under Section 12.1 or Section 12.2 shall not apply to any portion of the INFORMATION, RESULT, IP or JOINT that is:
- (1) already known to or possessed by the obligated Party at the time of its knowing under this Agreement as shown by its written records; or
  - (2) is already publicly known at the time of the obligated Party's knowing under this Agreement, or thereafter becomes publicly known except due to the obligated Party's breach or fault; or

(3) is disclosed to the obligated Party by a third party having no obligation of confidentiality to the other Party as shown by the obligated Party's written records.

12.4. Either Party shall not make any press release or other public announcement relating to this Agreement and its contents without obtaining the other Party's prior written consent.

#### Article 13: PUBLICATION OF RESULT

In the event that COMPANY intends to publish or otherwise disclose to any third party any portion of the RESULT, COMPANY shall submit to NAIST the contents of such intended publication or disclosure in advance and shall obtain NAIST's prior written approval for the contents, timing and method of such publication or disclosure, which approval shall not be unreasonably withheld or delayed by NAIST. If NAIST so requests, COMPANY shall include in such publication or disclosure the fact of the use of the MATERIAL and the name of NAIST as the supplier of the MATERIAL.

#### Article 14: DAMAGES

Either Party shall have the right to make a claim for damages and losses suffered from the other Party's breach of any provision of this Agreement, and the other Party shall have the obligation to compensate or indemnify such damages and losses.

#### Article 15: TERM OF AGREEMENT

This Agreement shall come into effect as of the Effective Date and shall terminate upon NAIST's receipt of the final report on the outcome of the RESEARCH and a copy of all the RESULT from COMPANY pursuant to Section 8.2.

#### Article 16: EARLY TERMINATION

Either Party may terminate this Agreement forthwith by giving the written notice of termination to the other Party in the event that:

- 16.1. The other Party breaches this Agreement and does not cure such breach within twenty (20) days after the notice of such breach has been given by the non-breaching Party.
- 16.2. The other Party becomes unable to perform this Agreement for any reason, including the event of the discontinuation of the RESEARCH.

#### Article 17: EFFECT UPON TERMINATION

Upon expiration or termination of this Agreement, the following shall be applicable and effective:

- 17.1. COMPANY shall deliver to NAIST the INFORMATION and all copies, transcriptions and reproductions thereof, except one copy which COMPANY may retain for the purpose of determining its obligations under this Agreement.
- 17.2. In the event that COMPANY possesses any quantity of the MATERIAL and the DERIVATIVE upon completion of the RESEARCH or upon termination of this Agreement, COMPANY shall deliver all of such quantity of the MATERIAL and the DERIVATIVE to NAIST within seven (7) days after such completion or termination. NAIST shall not be obligated to pay any amount to COMPANY for any quantity of the MATERIAL and the DERIVATIVE so delivered to NAIST. However, if there is any remaining quantity of the DERIVATIVE of the Parties' joint ownership, the Parties shall consult with each other and determine the treatment or disposal of such quantity of the DERIVATIVE.

#### Article 18: SURVIVING PROVISIONS

The provisions of the following Articles shall survive the expiration or termination of this Agreement:

Article 1 (DEFINITIONS); Article 6 (PURPOSE OF USE); Article 9 (OWNERSHIP OF DERIVATIVE, RESULT AND IP); Article 10 (PRACTICE AND LICENSING OF RESULT AND IP); Article 11 (DISCLAIMER OF WARRANTY AND INDEMNIFICATION); Article 12 (CONFIDENTIALITY); Article 13 (PUBLICATION OF RESULT); Article 14 (DAMAGES) and Article 22 (GOVERNING LAW AND JURISDICTION).

#### Article 19: ASSIGNMENT OF AGREEMENT

This Agreement, and the rights and obligations hereunder, may not be assigned or transferred by either Party without the prior written consent of the other Party.

#### Article 20: NOTICES

Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and in English, and shall be sent by registered airmail, postage prepaid, to the address first above



written for each Party, or to such other address as either Party may subsequently notify in writing to the other Party in accordance with the provision of this Article. Notice so given shall be deemed received by the addressee thereof five (5) business days after mailing.

Article 21: GOOD FAITH NEGOTIATIONS AND EFFORTS

The Parties shall carry out this Agreement using their reasonable efforts. In the event that it becomes necessary to decide upon any new matter not set forth in this Agreement, or to resolve any disagreement concerning the interpretation of any provision of this Agreement, or to amend any provision of this Agreement, the Parties shall use all reasonable and good-faith efforts to make necessary decisions, resolutions or amendments through sincere negotiations.

Article 22: GOVERNING LAW AND JURISDICTION

22.1. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of Japan, without reference to principles of conflicts of law.

22.2. Any dispute arising from this Agreement which cannot be resolved by good-faith negotiations and efforts between the Parties may be submitted by either Party to the Osaka District Court as the competent court of the exclusive original jurisdiction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to become effective as of the Effective Date and each Party has one original copy thereof for its files.

NAIST:  
Nara Institute of Science and  
Technology

COMPANY:

\_\_\_\_\_

\_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title: