

Rīga Stradiņš University
Intellectual property auction
Paraprobiotic Lactobacillus helveticus isolation technology
Regulations
(Auction No. 2023/1)

1. General provisions

1.1. Terms used in the Regulations:

- 1.1.1. Auction – the procedure for granting the right to use the Intellectual Property of the Rīga Stradiņš University (RSU) as defined in these Regulations and implemented in accordance with these Regulations;
- 1.1.2. Object of Auction – granting of Intellectual Property usage rights in the form of an exclusive licence manifesting as the licensee’s right in accordance with know-how “Paraprobiotic Lactobacillus helveticus isolation technology” and the technology described in it to produce and sell Products;
- 1.1.3. Intellectual Property – intellectual property of RSU – know-how “Paraprobiotic Lactobacillus helveticus isolation technology” – created within the framework of project No. KC-PI-2020/17 *Improvement of Glycopeptide Isolation Technology and Studying of Their Immune-Modulating Properties* of Activity 1.2.1.2 *Support for Improvement of Technology Transfer System* of Specific Objective 1.2.1 *To Increase Investments of Private Sector in R&D* of the ERDF Operational Programme *Growth and Employment*. The volume of information describing it is described in Paragraph 1.6. The end product of the technology is a new raw material – paraprobiotic Lactobacillus helveticus. The know-how “Paraprobiotic Lactobacillus helveticus isolation technology” is a sequence of specific processes – methodology and technology, as a result of which a new raw material – paraprobiotics Lactobacillus helveticus – can be isolated from the paraprobiotic Lactobacillus helveticus using laboratory equipment in laboratory conditions. Paraprobiotics are also called inactivated probiotics, which are non-viable microbial cells or unprocessed cell extracts, which, if used in an appropriate amount, give effect when used in potential different areas;
- 1.1.4. Product/Products – Products – specific raw material – paraprobiotic produced in accordance with know-how “Paraprobiotic Lactobacillus helveticus isolation technology” and the technology described therein, which, after they are produced, the licensee either includes them in products produced, which it sells to earn income, or resells them to other buyers as a raw material thus earning income;
- 1.1.5. Auction Participant – a natural or legal person who participates in the Auction as a candidate;

- 1.1.6. Highest Price of the Object of Auction – the written offer made by the Auction Participant which includes the highest bid price of all Auction Participants for the Object of Auction;
 - 1.1.7. Auction Winner – the Auction Participant who has bid the Highest Price of the Object of Auction and recognised as the Action Winner;
 - 1.1.8. Application – the application sent by the Auction Participant for participation in the Auction with the Price of the Object of Auction included (the Application for participation in the Auction – Annex No. 1);
 - 1.1.9. Auction Commission – the commission established by the RSU Rector’s decree for conducting the Auction.
- 1.2. Auction Organiser – hereinafter referred to as RSU, registration No. LV90000013771, registered address: Dzirciema Street 16, Riga, LV-1007;
 - 1.3. The Regulations shall determine the procedure for the Auction.
 - 1.4. The purpose and context of the organisation of the Auction is that RSU commercialises the right of use of the Intellectual Property it owns for the purpose of getting a commercially advantageous offer for the Intellectual Property – created within the scope of project No. KC-PI-2020/17 *Improvement of Glycopeptide Isolation Technology and Studying of Their Immune-Modulating Properties* of Activity 1.2.1.2 *Support for Improvement of Technology Transfer System* of Specific Objective 1.2.1 *To Increase Investments of Private Sector in R&D* of the Operational Programme *Growth and Employment*.
 - 1.5. The Auction is organised in accordance with the operating principles included in Section 39⁵ of the *Law on Scientific Activity* and Paragraphs 31.4, 31.4.1 of Regulations of the Cabinet of Ministers No.692 of 25 October 2016 *Implementing Regulations of Activity 1.2.1.2 Support for Improvement of Technology Transfer System of Specific Objective 1.2.1 To Increase Investments of Private Sector in R&D of the Operational Programme Growth and Employment*.
 - 1.6. Intellectual Property shall include the following characterising and complementing information elements:
 - 1.6.1. Paraprobiotics isolation technology protocol;
 - 1.6.2. Microbiology analysis – testing report;
 - 1.6.3. Physical value analysis – testing report.
 - 1.6.4. Immune-modulating properties testing report;
 - 1.7. The information included in Paragraph 1.6 of the Regulations, as well as additional information, if the Auction Participant requires it, about the Object of Auction can be obtained at the RSU Technology Transfer Office at Dzirciema Street 16 Riga, until of 18 July 2023, by sending an information request and signing the confidentiality agreement sent by RSU before receiving the information. The RSU Technology Transfer Office should be contacted at inovacija@rsu.lv to sign the information acquisition and confidentiality agreement.
 - 1.8. Form of the Auction – written auction.
 - 1.9. **The Auction shall take place with a bid increment.**

- 1.10. The initial price of the Object of Auction is EUR 16,500 (sixteen thousand five hundred euro and 00 euro cents) without value added tax;
- 1.11. The price offered by the Auction Participant for the Object of Auction is the amount by which the Auction Participant competes with other Auction Participants by setting the highest bid price for the Object of Auction using the auction format with a bid increment. Within the scope of the price offer, the following should be taken into account:
 - 1.11.1. the offered price should correspond to the initial price or EUR 16,500 (sixteen thousand five hundred euro and 00 euro cents) or be higher;
 - 1.11.2. the bid increment is EUR 500.- (five hundred euro), so the amounts to be accepted are expressed as half of thousands or thousands.
- 1.12. The payment conditions are detailed in Annex 2 to the Regulations – the licence agreement. General payment conditions – the licensee shall make payments to the licensor for the Object of Auction in accordance with the licence agreement within 3 (three) months since the Agreement is concluded and the invoice is issued;
- 1.13. The licence validity period is 7 (seven) years. When the 7 (seven) year period of the Agreement is over, if the licensee has fulfilled its liabilities under the Agreement, the licensee shall have pre-emptive right to obtaining the license for another 7 (seven) year period by concluding a new agreement or additional agreement to the previous agreement, and setting a new price for the Object of Auction corresponding to that time market value.

2. Auction Organisation Procedure

- 2.1. The Auction shall be announced by the Auction Commission. When announcing the Auction, the Auction Commission shall publish general information about the Auction on the RSU website www.rsu.lv and post on the website the Auction Regulations, the Application for participation in the auction, the text of the licence agreement, confidentiality agreement, and basic information on the Intellectual Property. Potential Auction Participants may obtain more detailed information about the Object of the Auction in accordance with the procedure laid down in Paragraph 1.7 of the Regulations.
- 2.2. Any natural or legal person having legal capacity who has submitted the following documents within the deadline and in accordance with the procedure defined in the Regulations may become an Auction Participant:
 - 2.2.1. A completed Application for participation in the Auction (form – Annex No. 1) specifying the proposed price for the Object of Auction. The Auction Participant shall certify in the Application that they have read the Regulations;
 - 2.2.2. A natural person should also submit a copy of his/her personal identification document (passport or ID card) with a handwritten inscription that *“The copy is intended for the needs of the RSU intellectual property auction No.2023/1”*. If another person represents a natural person in the Auction – a notarised power of attorney or a copy of the power of attorney is necessary;
 - 2.2.3. A legal person should also submit:
 - 2.2.3.1.A printout from the website of the Enterprise Register (ER) <https://info.ur.gov.lv> or specify information in the Application in the form of a link to the information unit on the ER website, which certifies registration of

the Auction Participant in accordance with the requirements of regulatory enactments of the Republic of Latvia (the economic operator submits similar data from the website of the State Revenue Service). The Auction Participant, who is registered abroad, should submit a copy of the registration certificate issued by an authority registering business/commercial activity in the foreign country, where the Auction Participant is registered, which is certified in accordance with the requirements of regulatory enactments of the Republic of Latvia;

2.2.3.2. A printout from the ER website <https://info.ur.gov.lv> or specify information in the Application in the form of a link to the information unit on the ER website, which certifies signatory (representation) rights of the representative of the Auction Participant who signs the Application. The Auction Participant registered abroad should submit a document certifying signatory (representation) rights of the representative of the Auction Participant, who signs the Application.

If the documents are signed by an authorised person(s) of the Auction Participant, then the original power of attorney or a copy certified by the Auction Participant shall be attached, which certifies the right of the person(s) to sign the documents on behalf of the Auction Participant;

If the Auction Commission has any doubts, upon request of the Auction Commission the Auction Participant shall submit additional information or documentation.

2.2.4. In the Application, the Auction Participant should submit:

2.2.4.1.a certification that:

2.2.4.1.1. as at the day of submission of the Application, it is not undergoing an insolvency or bankruptcy proceedings. If the proceedings are initiated before the end of the Auction, the Auction Participant shall be obliged to inform the Auction Commission and the Auction Participant shall not qualify for the Auction;

2.2.4.1.2. as at the day of submission of the Application, it is not subject to international or national sanctions or serious sanctions affecting interests of the financial and capital market imposed by member states of the EU or the North Atlantic Treaty Organization. If the sanctions are applied before the end of the Auction, the Auction Participant shall be obliged to inform the Auction Commission and the Auction Participant shall not qualify for the Auction;

2.2.4.1.3. as at the day of the Auction, it does not have tax arrears, including outstanding mandatory state social insurance contributions, the total amount of which exceeds EUR 150. The Auction Participant, who is registered abroad, should submit a statement of the authority registering tax payments and taxpayers in the foreign country, which is certified in accordance with the requirements of regulatory enactments of the Republic of Latvia;

2.2.4.1.4. it has legal, financial and other resources to fulfil the licence agreement. There are not obstacles for participation in the Auction;

2.2.4.2. a short description in accordance with the form in Annex No.1 “Application for participation in the Auction”, which assures the Auction Commission:

a) that the Auction Participant has previous positive experience in producing Products of a similar status, content and type;

b) that the Auction Participant has material and technical resources for producing the Products;

c) that the Auction Participant has access to qualified personnel resources, which will be involved in the performance of the agreement and production of the product (if it is concluded);

d) a short description of motivation of the Auction Participant when submitting the Application and potentially concluding and performing the licence agreement (considerations, goals to be achieved, results to be expected, etc.)

2.3. The Application should be prepared in Latvian or English, if the Auction Participant is not from Latvia, the application should be clearly legible, without corrections and erasures.

2.4. The signature of the Auction Participant (or its authorised representative) on the Application for participation in the Auction certifies that they have fully read these Regulations, annexes thereof, including the approved licence agreement and confidentiality agreement, as well as the fact that they fully understand these documents.

2.5. The Application may be submitted only in the form of an electronic document signing it with a secure electronic signature (with a time stamp) and sending to inovacija@rsu.lv until of 18 July 2023, 11:00.

2.6. The applications received shall be registered in the order, in which they are received.

- 2.7. The Applications sent after the specified deadline will not be accepted, and will be sent back to the Auction Participant opened or without being opened. The Auction Participant may withdraw its Application before the set deadline by sending a letter signed with a secure electronic signature to e-mail: inovacija@rsu.lv.
- 2.8. The Auction Commission shall open the Applications on 18 July 2023, at 11:10.
- 2.9. The Application opening meeting shall be an open meeting. It will be organised on the MS Teams online platform. Participation in the Application opening meeting should be previously coordinated with the RSU Technology Transfer Office by e-mail inovacija@rsu.lv before 11:00 of the Application opening day.

3. Evaluation of Applications for the Auction

- 3.1. The progress of the Auction, i.e. the opening of the Applications, the selection of Auction Participants, the evaluation of offers, the formation of the conclusion of the Auction Commission, decision making, etc. shall be recorded in the minutes.
- 3.2. Within the Auction Application opening meeting:
 - 3.2.1. The meeting shall be led by the chair of the specific meeting, who introduces themselves to the participants, the composition of the Auction Commission and determines the minute-taker of the Auction Application opening meeting;
 - 3.2.2. The Auctioneer names the Object of the Auction, Auction Participants, who have submitted Applications, and the prices offered for the Object of Auction;
 - 3.2.3. All Auction Commission members shall sign a certification that they are not interested in the winning of any specific Auction Participant. If someone is interested, they shall resign;
 - 3.2.4. After these actions, the Auction Commission starts the evaluation of Applications, doing it, at its discretion, within the same meeting, or closes the Application opening meeting and does the evaluation at a separate meeting(s).
- 3.3. As part of evaluation of the Applications:
 - 3.3.1. The Auction Commission shall check whether the Applications contain all the information specified in the Regulations (details of the Auction Participant, bid price of the Object of the Auction, consent to the proposed licence agreement and other information from Paragraphs 2.2-2.5 of the Regulations) and whether the submitted Application meets the requirements of the Regulations;
 - 3.3.2. The Auction Commission shall be entitled to request additional information from the Auction Participants and documents confirming it to ascertain reliability and legal and financial stability of the Auction Participant in long-term cooperation (for example, non-existence of tax arrears, experience, availability of financial resources to pay the bid price, etc.). In case of justified doubts, the Auction Commission independently or the Rector, acting within Paragraph 3.5 of the Regulations, shall be entitled to exclude the specific Auction Participant, in this case justifying considerations, incl. the existence of specific shortcomings of the Auction Participant compared to other Auction Participants;
 - 3.3.3. The Auction Commission shall be entitled to exclude from participation in the Auction the Applications that do not contain all the information requested in the

Regulations or contain information that does not meet the requirements of these Regulations;

- 3.3.4. The Application for the Auction shall be recognised as invalid, if the Auction Participant's bid price of the Object of the Auction is lower than the initial price of the Object of the Auction specified in the Regulations;
 - 3.3.5. The Applications meeting the requirements of the Regulations shall be compared and evaluated according to the highest bid price of the Object of the Auction;
 - 3.3.6. If several Auction Participants have offered the same highest offered price amount, these Auction Participants are offered to revise their Applications within 5 (five) working days and offer the same or higher price of the Object of the Auction, determining the offer submission and opening date, time, place, and procedure;
 - 3.3.7. If two or more Auction Participants again offer the same highest price or none of the Auction Participants who offered the same highest price submit a new offer for a higher price, the Auction Commission shall offer these Auction Participants to conclude a licence agreement in accordance with their bid price in the order of submission of Applications;
 - 3.3.8. The Auction shall be considered to have no results, if no Auction Participants applied or all the Auction Participants or applications are considered non-eligible, or no licence agreement is concluded in accordance with the procedure defined in the Regulations.
- 3.4. Having evaluated all the offers, the Auction Commission shall prepare an opinion addressed to the rector reflecting the progress of the Auction, the Applications received, the offers included in them, their evaluation, excluded participants (if any) and recommends the Auction result.
 - 3.5. Upon evaluation of the opinion of the Auction Commission and related documentation, the decision on the result of the Auction shall be adopted by the rector within 3 (three) working days. The rector shall be entitled, providing arguments, to adopt a decision not matching the recommendation of the Auction Commission, incl. to instruct the Auction Commission to review the offers.
 - 3.6. After the rector's decision has been made, the Auction Commission shall notify the results to all Auction Participants by e-mail and publish the information on the auction results on the RSU website www.rsu.lv.

4. Entering Into the Licence Agreement

- 4.1. After notification of the Auctions results, the Auction Participant – the Auction Winner – , should enter into the licence agreement (Annex No. 2 to the Regulations) with RSU within 10 (ten) working days. Only insignificant, technical clarifications may be made to the agreement.
- 4.2. If the Auction Winner does not sign the agreement within the set deadline, RSU shall invite the Auction Winner again to conclude the licence agreement with RSU within 5 (five) working days. If the Auction Winner does not sign the licence agreement after a repeated invitation, it shall be considered that the Auction Winner has refused to conclude the agreement. In this case, the right to conclude the licence agreement shall be awarded to the Auction Participant who was the next highest bidder.

- 4.3. RSU shall report the case referred to in Paragraph 4.2 to the Auction Participant, who was the next highest bidder, and the Auction Participant shall provide RSU with a written reply whether they agree to conclude the licence agreement for the highest price bidden by them, as well as conclude the licence agreement within 2 (two) weeks.
- 4.4. If RSU does not receive consent of the Auction Participant who was the next highest bidder for the conclusion of the licence agreement for their highest bid price and the licence agreement is not signed, the Auction Participant who was the next highest bidder shall lose the right to conclude the licence agreement, but the Auction Commission shall decide on recognition of the Auction as closed without a result.
- 4.5. If the Object of the Auction is not auctioned, the Auction Commission shall have the right to conduct a new auction or a negotiation procedure.
- 4.6. Complaints about decisions of the Auction Commission or its activities may be submitted for review to the rector by sending the complaint signed with a secure electronic signature to e-mail: rector@rsu.lv within 7 (seven) days of notification of the Auction results or of the day, when the respective procedural action has taken place or the decision, about which the complaint was submitted, has been adopted. The RSU rector shall review the complaint within 7 (seven) working days and provide a reply.
- 4.7. The offered price shall be paid to the Auction Winner within 3 (three) months of conclusion of the Agreement and issuing of an invoice. If the payment is not made, RSU shall be entitled to terminate the licence agreement unilaterally.
- 4.8. RSU shall be entitled to terminate the licence agreement also in other cases defined in the licence agreement, as well as if it is discovered that the Auction Winner has provided false information at the Auction. If the licence agreement is terminated early due to any reasons, RSU shall be entitled to act in accordance with Paragraph 4.3 and 4.5 of the Regulations.

Annexes to the Regulations:

1. Application for participation in the Auction (Annex No. 1);
2. Licence agreement (Annex No. 2);
3. Confidentiality agreement (Annex No. 3);

Rector

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