

For Rīga Stradiņš University
Intellectual property auction
“*Cosmetic product - cream for restoring skin barrier function*”
Regulations
(Auction No. 2022/2)

LICENCE AGREEMENT
(draft)

Rīga, THE DATE OF SIGNATURE OF THE DOCUMENT IS THE DATE OF THE LAST ADDED SECURE ELECTRONIC SIGNATURE AND ITS TIME STAMP

Rīga Stradiņš University, Reg. No. 90000013771, represented by its Rector Aigars Pētersons, acting in accordance with the RSU Constitution, hereinafter referred to as the Licensor, on the one hand,

and

_____, registration number _____, registered address: _____, represented by _____ acting on the basis of _____, hereinafter referred to as the Licensee, on the other hand, hereinafter jointly referred to as the Parties,

in view of:

- Section 39⁵ of the *Law on Scientific Activity*,
- 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”*”,
- Results of the intellectual property auction “*Cosmetic product - cream for restoring skin barrier function*” (auction No. 2022/2) conducted by the Licensor,

enter into this agreement (hereinafter referred to as the Agreement):

1. EXPLANATIONS OF THE TERMS USED IN THE AGREEMENT

- 1.1. Licensor – Rīga Stradiņš University – owner of the Intellectual Property;
- 1.2. Licensee – the subject granted the right to use the Intellectual Property under this Agreement;
- 1.3. Intellectual Property – intellectual property belonging to the Licensor – a body of information for the manufacture and use of a cosmetic product – cream for restoring skin barrier function. Intellectual Property, inter alia, includes the following characterising and complementing information elements:

- 1.3.1. Formulation and ingredients (INCI) of the cosmetic product – cream under laboratory conditions, description of the technology;
 - 1.3.2. Stability and microbiology studies;
 - 1.3.3. Description of the industrial production and scaling process;
 - 1.3.4. Results of clinical observation under the supervision of a dermatologist;
 - 1.3.5. Cosmetic product information file and expert opinion;
 - 1.3.6. Filed patent application No. LVP2021000092, “Cream for protection and strengthening of the epidermal lipid barrier of the hand skin, when the skin is frequently exposed to disinfectants”, hereinafter collectively referred to as Confidential Information.
 - 1.3.7. PCT/LV2022/050014 CREAM FOR PROTECTION AND STRENGTHENING OF THE EPIDERMAL LIPID BARRIER OF THE HAND SKIN, WHEN THE SKIN IS FREQUENTLY EXPOSED TO DISINFECTANTS
- 1.4. Area of operation (of the licence) – European Union;
 - 1.5. Product/Production – cosmetic product – cream for restoring skin barrier function – created within the scope and as a result of the use of Intellectual Property. The Licensee shall have the right to use the Product in accordance with the Agreement, including within the limits set out in Section 3 of the Agreement;
 - 1.6. Licence Fee – the fee paid by the Licensee to the Licensor for the acquisition and use of a licence in accordance with Section 5 of the Agreement.

2. SUBJECT-MATTER OF THE AGREEMENT

- 2.1. For the fee defined in the Agreement and for the period defined in the Agreement the Licensor provides the Licensee with an exclusive licence for using the Intellectual Property for the production, selling and other use in accordance with Section 3 of the Agreement in the territory of operation under the Agreement – the European Union.
- 2.2. Under the Agreement, issuing of a licence shall not be considered alienation of the ownership of the Intellectual Property in favour of the Licensee.

3. SPECIFIC LIABILITIES OF USING THE INTELLECTUAL PROPERTY

- 3.1. The Licensor shall, in accordance with the actual possibilities, carry out support activities to promote more efficient economic use of the Intellectual Property and the Product, and more specifically – the Licensor, involving also the authors of the Intellectual Property, shall, within 6 (six) months from the entry into force of the Agreement, provide the Licensee with advisory support in the use of the Intellectual Property, including in the production of the Product. The scope of consultations shall be determined according to the needs of the Licensee, but no more than 16 (sixteen) hours per month, unless the Parties agree otherwise.
- 3.2. The Licensee shall be entitled to use the Intellectual Property for the production, storage, use, import, export, offer for sale, sale, and other release for economic circulation of the Product in the European Union. This shall also include the right to

implement procedural activities and other communication with the State Agency of Medicines and other supervisory, controlling or cooperation authorities to fulfil the requirements set in regulatory enactments.

- 3.3. Within the scope of the activities specified in Clause 3.2 of the Agreement, the Licensee shall independently assume responsibility for the implementation of the activities in accordance with regulatory enactments and assume responsibility towards third parties. The Licensee shall also be solely responsible for complying with the requirements set forth in the laws, regulations, the Agreement, and the descriptive documentation of the Intellectual Property with respect to the manufacture, storage, transportation, and other aspects of the Product to ensure that the full content, technical, functional and other characteristics and parameters of the Product are valid for the duration of the sale of the Product and to take appropriate action if the Product still does not meet or no longer meets the requirements.
- 3.4. The Licensee shall not be entitled to transfer the Intellectual Property or individual elements thereof to third persons without the prior written consent of the Licensor. The Licensee shall not be entitled to issue sub-licences without the prior written consent of the Licensor.
- 3.5. The Licensee shall have the right to specify the Licensor as the author and owner of the Intellectual Property when dealing with the Intellectual Property. In this context, the Licensor shall have the right to require the configuration and coordination of the content and form of certain information to be made public.
- 3.6. Subject to separate agreement between the Parties, the Licensor reserves the right to further use of the Intellectual Property for research purposes.

4. CONFIDENTIAL INFORMATION AND TRADE SECRET

- 4.1. All the information (written or oral, or in any other format) received and transferred under the Agreement shall be considered a trade secret and confidential information (hereinafter jointly referred to as Confidential Information), including any information about the Intellectual Property, including, but not limited to the information, which can be used to create a similar product.
- 4.2. For the purposes of the Agreement, information and material that meets at least one of the following characteristics shall not be considered as non-disclosable information and materials:
 - a) the information or materials are generally known;
 - b) the information or materials, the obligation of disclosure of which arises from regulatory enactments and which are disclosed in accordance with the procedure provided for by the regulations enactments;
 - c) the information characterising, explaining or justifying positive properties, functionality, uniqueness of the Intellectual Property and the Product (for example, to Product users, patients, customers, etc.), at the same time ensuring that no information is disclosed which may directly lead to the creation of similar products by third parties.

- 4.3. When deciding on handling the Confidential Information and when handling the Confidential Information, the Parties shall be bound by the norms of the Trade Secret Protection Law and other regulatory enactments, including the principle defined in the Civil Law that rights should be exercised and duties should be performed in good faith.
- 4.4. The Parties undertake not to disclose the Confidential Information to any third party, including during the term of the Agreement or after termination of the Agreement, subject to their liability under this Agreement for damages, including lost profits, and costs that the other Party may incur in connection with the undertaking set out in this clause. This shall not apply to the disclosure of necessary information to official state institutions to implement the functions and tasks defined for them in regulatory enactments.
- 4.5. The Licensee shall ensure that it enters into full and adequate confidentiality agreements with its employees or any other natural or legal persons who, in connection with the Licensee's rights under this Agreement, deal with the Intellectual Property, the manufacture of the Product, and the sale of the Product. Activities of the subjects shall be permitted and limited only in the context of fulfilment of liabilities under the Agreement.
- 4.6. The Parties undertake to store and protect the Confidential Information and observe reasonable preconditions for storage of information. In case of doubts relating to the Confidential Information, the Parties shall refrain from actions, unless the action is coordination with the other Party. Having received objections of the other Party regarding handling of the Confidential Information, the Party shall stop the actions until the circumstances are jointly evaluated and a mutually agreed solution is reached. In such case, neither Party shall unreasonably impede the exercise by the other Party of its right to deal with the Confidential Information in a lawful and proper manner.
- 4.7. When terminating the Agreement for any reason, the Licensee shall immediately, but no later than within 7 (seven) days, with a mutually prepared statement return to the Licensor all the Confidential Information received from it in any form and shall destroy or delete all duplicates or copies of information stored in paper form or electronic form, or other form. When signing the statement, the Licensee shall certify and assume responsibility that it acted in accordance with this Clause and further access to or dealing with the Intellectual Property by the Licensee itself or third parties shall be excluded. Exceptions may be made to the extent that the Licensee can justify them, if they are based on mandatory requirements of laws and regulations or lawful requirements of official bodies. The obligation to exclude access to or dealing with the Intellectual Property by the Licensee itself or third parties shall attach to the Licensee upon termination of the Agreement, whether or not the statement referred to in this Clause has been signed;
- 4.8. If at least one of the Parties deems this necessary, the Parties shall sign acceptance and transfer certificates on the fact, scope, content, and other aspects of the Confidential Information transferred to the other Party.
- 4.9. The Parties shall also observe the rules of processing of personal data:

- 4.9.1. If any documents or information are obtained within the scope of the Agreement, which contain or may contain personal data of natural persons (hereinafter referred to as the Data), the Parties shall be entitled to process the data obtained from the other Party only for the purposes of ensuring the performance of the obligations under the Agreement, in line with the requirements set in applicable regulatory enactments for processing and protection of personal data. When processing the Data, each Party shall be responsible for ensuring the processing of the Data in accordance with provisions of the Agreement and regulatory enactments. Under the Agreement, each Party shall be liable to implement relevant technical and organisational measures to ensure and be able to demonstrate that the Data are processed in accordance with the regulatory enactments regulating the processing of Data;
- 4.9.2. When processing the Data, the Parties shall ensure that only authorised persons can access the technical resources used for the processing and protection of personal data (including access to personal data);
- 4.9.3. If, under the Agreement, one Party transfers the Data to the other Party, the Party transferring the Data shall be responsible for the correctness of the transferred Data and shall have the right to transfer the Data to the other Party. A Party shall complete or rectify the Data, terminate the processing of data transferred by the respective Party or destroy them, if the transferred Data are incomplete, outdated, false, or processed illegally. The Parties undertake to store the Data received under the Agreement no longer than it is necessary for the purpose for which they were transferred, and after the goal set in the Agreement has been reached, they undertake to erase the received Data from their information systems as soon as possible;
- 4.9.4. The Parties agree that if any of the Parties is held liable for a breach of personal data protection committed by the other Party, the guilty Party shall, to the extent it is responsible for the breach, compensate all the costs, payments, damage, expenses, or losses inflicted as a result of its act or omission.

5. PAYMENTS AND SETTLEMENT PROCEDURE

- 5.1. The Licensee shall make payments to the Licensor for the use of the Intellectual Property as follows:
 - 5.1.1. the initial, fixed payment of EUR 3000 (three thousand euro), without value added tax (hereinafter referred to as VAT);
 - 5.1.2. interest payments _____% of the Licensee's annual net turnover from the sale of the Products.
- 5.2. The Licensee shall make the payment in accordance with the invoices prepared by the Licensor.
- 5.3. The Licensee shall pay the invoice for the initial, fixed payment specified in Clause 5.1.1 of the Agreement within 1 (one) month of conclusion of the Agreement and issuing of the invoice.
- 5.4. When paying regular interest payments, the Parties shall observe the following:

- 5.4.1. within 15 (fifteen) days after the end of each calendar year, the Licensee shall submit to the Licensor a written report containing both a summary and detail of the sales, income, turnover volumes in terms of Product units (assuming that the Product will be sold in packages of different weights), and the amount of the interest payments calculated by the Licensee and due to the Licensor. Upon the Licensor's request, the Licensee, no later than within 15 (fifteen) days, shall submit clarifications, details, and supporting documents for the information included in the report;
 - 5.4.2. The Licensor shall evaluate the received information and, if it is considered sufficient and acceptable, send a regular interest payment invoice to the Licensee;
 - 5.4.3. The payment deadline for the Licensee shall be 15 (fifteen) days of receiving the invoice issued by the Licensor.
- 5.5. Registration of income and provision of reports:
- 5.5.1. The Licensee shall keep complete and accurate records, incl. with supporting documentation, of the sales, income, turnover volumes in terms of Product units (assuming that the Product will be sold in packages of different weights);
 - 5.5.2. The Licensee shall produce and submit the records and documentation to the Licensor and the independent, certified auditor or accountant selected by the Licensor, or the authorities supervising the implementation of the project, having received a previous notice regarding such a wish;
 - 5.5.3. The Licensee should keep accounting and record-keeping records together with supporting documentation for at least 5 (five) years after the end of the respective period, for which the interest payments are calculated. The Licensor may request the information for a period of 2 (two) years after the termination of the Agreement;
 - 5.5.4. Any accounting or audit review shall be performed at the expense of the Licensor;
 - 5.5.5. An accounting or audit review may not take place more frequently than once a year, except in the case of discrepancies or if the Licensor has doubts as to the compliance of the Licensee's conduct with the Agreement. In this case the audit may take place twice a year or every quarter;
 - 5.5.6. By concluding an additional agreement to the Agreement, the Parties may clarify or supplement the conditions included in Sub-Clauses of Clause 5.5.
- 5.6. The Licensee, before taking certain actions with the Intellectual Property and the Products in certain countries and markets, independently undertakes to identify all applicable legal and regulatory requirements of the country or region concerned, and undertakes to bear at its own expense the various costs that may arise in certain countries or regions in connection with the use of the Intellectual Property, production and sale of the Products (patenting, licences, fees, etc.).

6. TERM OF VALIDITY OF THE AGREEMENT

- 6.1. The Agreement is concluded for 10 (ten) years and enters into force when signed by both Parties.

- 6.2. The Parties shall have the right to terminate the Agreement before its expiry in accordance with a written agreement between the Parties.
- 6.3. If any Party violates any provision of the Agreement and such a violation is not rectified within 30 (thirty) working days of receiving a written notice of the other Party, or if the violation reoccurs, the other Party may terminate the Agreement unilaterally. The terminating Party must notify the violating Party why and when the Agreement is being terminated. The notice, which shall include the grounds for termination and the date of termination, shall be sent by the other Party to the Party violating the Agreement not later than 30 (thirty) days before the date of termination.
- 6.4. The Licensor shall have the right to terminate the Agreement unilaterally also in case, if:
 - 6.4.1. the Licensee does not pay the initial, fixed payment within the set deadline;
 - 6.4.2. it is discovered that the Licensee provided false information within the scope of the auction which granted it the right to conclude the Agreement;
 - 6.4.3. if insolvency proceedings or legal protection proceedings (out-of-court legal protection) of the Licensee are initiated in the court;
 - 6.4.4. the Licensee's economic activity is suspended for more than 2 (two) weeks;
 - 6.4.5. international or national sanctions or serious sanctions affecting interests of the financial and capital market imposed by member states of the European Union or the North Atlantic Treaty Organization are applied to the Licensee during the effective period of the Agreement;
 - 6.4.6. the Licensee has violated the provisions regarding Confidential Information or trade secret;
 - 6.4.7. The Licensee does not achieve, within 2 (two) years, excluding the first year after the conclusion of the Agreement, a net turnover from the sale of the Products in an amount sufficient to ensure that the Licensor receives an annual interest payment (Clause 5.1.2 of the Agreement) at least equal to the amount of the initial fixed payment (Clause 5.1.1 of the Agreement) and does not ensure that in subsequent years the Licensor receives an annual increase of at least 5% (five per cent) in revenues compared to the preceding year. In such a case, the Parties shall first seek the causes and possible solutions through negotiations and may conclude agreements specifying the extent and aspects of the turnover to be expected in the future.
- 6.5. In the event of any termination of the Agreement, the Licensee shall:
 - 6.5.1. Pay to the Licensor any payments that have not yet been made but are due. Such payments shall also include interest payments for the period during which income from the sale of the Product actually accrued to the Licensee but has not been calculated and paid to the Licensor due to a semi-annual reporting period not having been fully completed;
 - 6.5.2. Immediately cease all use of the Intellectual Property;
 - 6.5.3. In accordance with Clause 4.7 of the Agreement, return to the Licensor all information and materials qualifying as Confidential information and commercial information;

- 6.6. When the 10 (ten) 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 licence for another 10 (ten) year period by concluding a new Agreement or additional agreement to this Agreement, and providing for Licence Fee payments. In this case, the Licence Fee, at the choice of the Parties, may be determined as a specific payment for each Product unit sold.

7. LIABILITY OF THE PARTIES AND DISPUTE SETTLEMENT PROCEDURE

- 7.1. The Licensee shall pay to the Licensor a late payment penalty of 1% (one percent) of the amount of the late payment for each day of delay, but not more than 10% (ten percent) of the amount of the late payment.
- 7.2. The payment of the penalty shall not release the Parties from complete fulfilment of their liabilities.
- 7.3. The Parties shall be bound by generally acceptable force majeure conditions, which may be caused by fire, natural disasters, war, blockades, regulatory enactments imposed by the state and preventing performance or other conditions beyond the reasonable control of the Parties and which could not reasonably and with reasonable accuracy have been foreseen. If these circumstances continue for more than 3 (three) months, each of the Parties shall have the right to terminate the Agreement unilaterally, and in this case none of the Parties shall be entitled to demand from the other Party the losses related to termination of the Agreement or covering of losses. However, the Parties shall be bound by the provisions of Clause 6.5 of the Agreement.
- 7.4. The Party facing force majeure shall inform the other Party about its occurrence and termination in writing within 5 (five) calendar days. To ascertain the existence of such conditions and their duration, the other Party may request official statements issued by a respective state authority, or other proof.
- 7.5. The Parties shall be liable for any partial or total non-fulfilment of the provisions of the Agreement in accordance with the provisions of the Agreement, the Civil Law, and other regulatory enactments.
- 7.6. Disputes arising between the Parties during the term of this Agreement shall be settled by negotiation. If no agreement is reached within 30 (thirty) calendar days, the disputes shall be settled in the manner prescribed by the applicable laws and regulations.
- 7.7. The Parties shall compensate each other for any losses inflicted by their act or inactivity.

8. FINAL PROVISIONS

- 8.1. Any matters not covered by the Agreement shall be dealt with in accordance with the applicable laws and regulations of the Republic of Latvia.
- 8.2. In the event that any clause of the Agreement becomes invalid, the validity of the remaining clauses of the Agreement shall not be affected.
- 8.3. Any supplements, corrections and amendments to the Agreement shall have legal force when executed in writing and signed by both Parties, thus becoming an integral part of the Agreement.

8.4. Any written information relating to the Agreement (including sent electronically) shall be binding on both parties, and may, where necessary, serve as evidence, if the Party, who has sent information received a confirmation from the other Party that the information has been received.

8.5. The contact person in the performance of the Agreement with a delegation to contact the contact person of the other Party in any matters related to the performance of the Agreement, including preparation and signature of statements, coordination of reports, invoices and performance of other liabilities arising from the Agreement on behalf of the Parties, except for signing of amendments to the Agreement:

- The Licensor appoints _____, phone: _____, e-mail address: _____,
- The Licensee appoints _____, tel. _____, e-mail address: _____,

in the event of a change in the composition of the staff, unilaterally informing the other Party in writing.

8.6. The Agreement is concluded in Latvian on __ (____) pages, not including Annexes, as an electronic document. The Parties shall have access to the mutually signed Agreement in electronic format. The Agreement shall have the following Annexes at the time of its conclusion:

- Annex 1 – Intellectual Property Documentation (Clause 1.3 of the Agreement),
- Annex 2 – _____.

9. DETAILS AND SIGNATURES OF THE PARTIES

Licensor:

Rīga Stradiņš University

Reg. No. 90000013771

Address:

Dzirciema Street 16, Riga, LV-1007

Bank: AS Swedbank

SWIFT:HABALV22

Account: LV02HABA0551000376050

Bank: AS SEB banka

SWIFT: UNLALV2X

Account: LV28UNLA0050013752619

Position

Name Surname

(Indicate as needed)

(signature)

Licensee:

Reg. No. _____

Address:

Bank: AS _____

SWIFT: _____

Account:

Position

Name Surname

(Indicate as needed)

(signature)

THE DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE
AND

CONTAINS A TIME STAMP

