

Rīga Stradiņš University
Descending-bid intellectual property Auction in written form (*"Innovative genetic test for determining the causes of infertility "GENTERF"*)
Regulations
(auction No. 2021/02)

1. General provisions

- 1.1. The organiser of the auction is Rīga Stradiņš University (hereinafter referred to as RSU), registration No. LV90000013771, legal address: Dzirciema iela 16, Riga, LV-1007.
- 1.2. The Regulations determine the procedure of organisation of the auction for granting of the right of use of RSU intellectual property – know-how *"Innovative genetic test for determining the causes of infertility "Genterf"*, hereinafter referred to as the Auction.
- 1.3. Along with the acquisition of the right of use of the know-how *"Innovative genetic test for determining the causes of infertility "Genterf"* the Auction Winner, along with the conclusion of a licence agreement obtains the right in the form of an exclusive licence to use the "Genterf" trademark, registration number M 75 588, registration date 20.06.2020, in relation to the specific know-how.
- 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 – know-how *"Innovative genetic test for determining the causes of infertility "Genterf"* created within the scope of project No. KC-PI-2017/24 *"Genetic test for determining the causes of infertility"* 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 39.⁵ 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" "*. The right of use of the trademark is transferred in accordance with Section 29 of the Trademark Law;
- 1.6. The know-how *"Innovative genetic test for determining the causes of infertility "GENTERF"* includes the following characterising and complementing information elements:
 - 1.6.1. Method conducting principle, hardware to be used, data interpretation manual with IT solutions developed with appropriate criteria;
 - 1.6.2. Detailed description of the variations included;

- 1.6.3. Analytical sensitivity and specificity verification documentation;
- 1.6.4. Stability study data;
- 1.6.5. Results of the Genterf preclinical trial, including more than 400 (four hundred) individuals with different reproduction-related phenotypes.
- 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 iela 16, Riga, until 22 November 2021, by sending an information request and concluding 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. The Auction form is a written auction.
- 1.9. The Auction takes place with a descending bid.
- 1.10. The initial price of the Object of Auction is:
- a) the initial, fixed payment of a total of 1000,- EUR (one thousand euro, 00 cents), without value added tax (hereinafter referred to as VAT),
 - b) an interest payment of 7% (seven percent) of the income earned by the Licensee for each sold Genetic Test without value added tax (hereinafter referred to as VAT).
- 1.11. The interest payment offered by the Auction Participant is the value, with which the Auction Participant competes with other Auction Participants by setting the highest proposed price for the object, but not lower than the reserve price of the auction. Within the scope of the interest payment offer, it should be taken into account that:**
- 1.11.1. the interest payment should not exceed the initial price or 7% of the income earned by the Licensee for each sold Genetic Test;**
 - 1.11.2. The bid increment may be half a percent or a full percent (for example, 6.5%, 6%, 5.5%, etc. downward).**
- 1.12. The payment conditions are detailed in Annex 2 to the Regulations – the license agreement. General payment conditions – the Licensee shall make payments to the Licensor for the use of the Know-How and the Trademark in accordance with the license agreement as follows:
- 1.12.1. the initial, fixed payment of a total of 1000,- EUR (one thousand euro, 00 cents), without value added tax (hereinafter referred to as VAT). The Licensee shall make this payment within 1 (one) month of conclusion of the Agreement and issuing of an invoice;
 - 1.12.2. interest payments in the amount bidden at the Auction of the income earned by the Licensee for each sold Genetic Test, without value added tax (here in after referred to as VAT), provided that:
 - a) within 15 (fifteen) days of the end of each calendar half a year (June, December) the Licensee shall submit to the Licensor a written report providing a summary and details of sales and income volumes, and the amount of interest payments;

b) having received the Licensor's approval and invoice the Licensee shall make the payment.

- 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 providing for license fee payments. In this case, the License fee, at the choice of the Parties, may be determined as a specific payment for each sold Genetic Test unit or as interest payments, or applying another calculation model.

2. Terms used in the Regulations

- 2.1. Auction Participant – a natural or legal person who participates in the Auction as a candidate.
- 2.2. Object of Auction – an exclusive license for obtaining the right of use of the intellectual property – know-how “*Innovative genetic test for determining the causes of infertility “Genterf”*” (hereinafter also referred to as “Intellectual Property” or “Genetic Test”) at the same time obtaining an exclusive license for the right of use of the trademark “Genterf” in relation to the use of the Intellectual Property.
- 2.3. The highest price of the auctioned object – an offer made by an Auction Participant in writing, which includes the highest amount of interest payment bidden among all Auction Participants for the income from sale of Genetic Tests, but not lower than the reserve price of the auction.
- 2.4. Auction Winner – the Auction Participant, who bade the highest auctioned object price, the interest payment, for the Auction Object.
- 2.5. Application – the application sent by the Auction Participant on participation in the Auction with the auctioned object price, the interest payment, included (the Application for participation in the Auction – Annex No. 1).
- 2.6. Auction Commission – the commission determined by the RSU Rector's decree for the provision of the Auction.
- 2.7. Licensee – the Auction Winner, with whom the license agreement has been concluded.
- 2.8. Reserve price – the price set by the Auction Commission for the auction object, below which the object may not be sold in a descending bid auction.

3. Auction organisation procedure

- 3.1. The Auction shall be announced by the Auction Commission. When announcing the Auction, the Auction Commissions shall publish general information in 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 auctioned intellectual property. Potential Auction Participants may obtain more detailed information about the Object of Auction in accordance with the procedure laid down in Paragraphs 1.6 and 1.7 of the Regulations.

3.2. 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:

3.2.1. The completed Application for participation in the Auction (form – Annex No. 1), which specifies the proposed interest payment. The Auction Participant shall certify in the Application that he/she has read the Regulations;

3.2.2. 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.2021/2”*. If another person represents a natural person at the Auction – a notarised power of attorney or a copy of the power of attorney is necessary;

3.2.3. A legal person should also submit:

3.2.3.1. A printout from the website of the Register of Enterprises (RE) <https://info.ur.gov.lv> or specify information in the Application in the form of a link to the information unit on the RE website, which certifies registration of the Auction Participant in accordance with the requirements of regulatory enactments of the Republic of Latvia. 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;

3.2.3.2. A printout from the RE website <https://info.ur.gov.lv> or specify information in the Application in the form of a link to the information unit on the RE 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 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;

3.2.4. In the Application, the Auction Participant should submit a certification that:

3.2.4.1. on the day of submission of the Application it is not undergoing an insolvency or bankruptcy procedure. If the procedure is initiated before the end of the Auction, the Auction Participant is obliged to inform the Auction Commission and the Auction Participant does not qualify for the Auction;

3.2.4.2. on 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 are applied. If the sanctions are applied before the end of the Auction, the Auction Participant is obliged to inform the Auction Commission and the Auction Participant does not qualify for the Auction;

- 3.2.4.3. The certification of the Auction Participant that on the day of the Auction it does not have tax arrears, including outstanding mandatory state social insurance contributions, the total amount of which exceeds EUR150,00 (one hundred and fifty euros and 00 cents). 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.
- 3.3. The Application should be prepared in Latvian, it should be clearly legible, without corrections and erasures. If the Application or parts of its content are in English, a certified translation into Latvian should be attached.
- 3.4. The signature of the Auction Participant (or its authorised representative) on the Application for participation in the Auction certifies that he/she has fully read these Regulations, their annexes, including the approved licence agreement and confidentiality agreement, as well as the fact that he/she fully understands these documents.
- 3.5. 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 e-mail: inovacija@rsu.lv by 11.00 of 29 November 2021.
- 3.6. The applications received shall be registered in the order, in which they have been received, indicating the time and date of receipt.
- 3.7. The Applications sent after the specified deadline will not be accepted, and will be sent back to the Auction Participant being or without being opened. The Auction Participant may withdraw its Application before the set deadline by sending a letter sent with a secure electronic signature to e-mail: inovacija@rsu.lv.
- 3.8. The Auction Commission shall open the Applications on 29 November 2021 at 11:10 a.m.
- 3.9. The Application opening meeting is 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 10:00 a.m. of the Application opening day.

4. Evaluation of Applications for the Auction

- 4.1. 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 minuted.
- 4.2. Within the Auction Applications opening meeting:
- 4.2.1. The meeting shall be led by the chair of the specific meeting, who introduces himself/herself to the participants, the composition of the Auction Commission and determines the minute-taker of the Auction Applications opening meeting;
- 4.2.2. The Head of the Auction names the Object of Auction, Auction Participants, who have submitted Applications and the interest payments offered by them;

- 4.2.3. 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, he/she shall resign;
 - 4.2.4. The Chairperson of the Auction session notifies all Auction participants that the reserve price is set, and is situated in a closed envelope in a visible place on the table throughout the entire Auction period;
 - 4.2.5. After these actions the Auction Commission starts the evaluation of Applications, doing it, at its discretion, within the same meeting, or shall close the Application opening meeting and does the evaluation at a separate meeting(s).
- 4.3. As part of evaluation of the Applications:
- 4.3.1. 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 Auction, consent to the proposed license agreement and other information from Paragraphs 3.2-3.5 of the Regulations) and whether the submitted Applications meets the requirements of the Regulations;
 - 4.3.2. The Auction Commission is entitled to request additional information from the Auction Participants and document confirming it to ascertain reliability, legal and financial stability of the specific candidate in long-term cooperation (for example, non-existence of tax arrears, experience, availability of financial resources to payment of the bid price, etc.). In case of justified doubts, the Auction Commission independently or the Rector, acting within Paragraph 4.5 of the Regulations, is entitled to exclude the specific Auction Participant, in this case justifying considerations, incl. the existence of specific shortcomings of the Auction Participants compared to other Auction Participants;
 - 4.3.3. The Auction Commission is entitled to exclude from participation in the Auction the Applications, which do not contain all the information requested in the Regulations, or if the submitted information does not meet the requirements of these Regulations;
 - 4.3.4. The Application for Auction shall be recognised as invalid, if the bid price of the Object of Auction is lower than the initial price of the Object of Auction specified in the Regulations;
 - 4.3.5. The Applications meeting the requirements of the Regulations shall be compared and evaluated according to the highest bid price of the Object of Auction, i. e. the interest payment amount offered by Auction Participants;
 - 4.3.6. The Chairperson of the Auction session shall name the highest price offered for the Auction object and the person who bid it. The aforementioned Auction participant shall gain the right to the Auction object indicated in his/her bid, if the highest bid is not lower than the reserve price, which the Auction Commission successively ascertains in accordance with the procedure set in the Sub-paragraph 4.3.7 of the Regulations;
 - 4.3.7. After establishing the highest offer bid, the Auction Commission, in the presence of all participants, shall open the envelope with the reserve price, but shall not notify it to the Auction participants present;

- 4.3.8. If the highest price offered is lower than the reserve price, the Auction shall be terminated as having not occurred, and the Auction Commission shall notify the present Auction participants of this fact;
- 4.3.9. If the Auction Commission has no doubt about the conduct of the Auction, it is announced that the Auction has been completed. Until such notification has been made, the Auction participant shall have the right to refuse the object price bid. In such a case, the Auction Commission shall choose the next highest bid, if it is not lower than the reserve price;
- 4.3.10. If several Auction Participants have the same offered interest payment 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 Auction, determining the offer submission and opening date, time, place and procedure;
- 4.3.11. If two or more Auction Participants offer again the same highest price or none of the Auction Participants, who have offered the same highest price, submit a new offer for a higher price, the Auction Commission shall offer these Auction Participants in the order of submission of Applications to conclude a licence agreement in accordance with their bid price;
- 4.3.12. The Auction is considered to have not results, if no Auction Participants applied, or all the Auction Participants are considered non-eligible, or no eligible Auction Participant has over bidden the initial price of the Object of Auction.
- 4.4. 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 Auction Participants (if any) and recommends the Auction result.
- 4.5. Upon evaluation of the opinion of the Auction Commission and related documentation, the decision on the result of the Auction is adopted by the rector within 3 (three) working days. The rector is 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.
- 4.6. 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.

5. Entering into the licence agreement

- 5.1. After notification of the Auctions results, the Auction Participant, the Auction Winner, should enter into the licence agreement (Annex No. 2) with RSU within 10 (ten) working days. Only insignificant, technical clarifications may be made to the agreement.
- 5.2. If the Auction Winner does not sign the agreement within the set deadline, RSU will invite the Auction Winner again to conclude the licence agreement with RSU within 3 (three) 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 belong to the Auction Participant, who bade the next highest price.

- 5.3. RSU shall report the case referred to in Paragraph 5.2 to the Auction Participant, who has bidden the next highest price, and it shall provide RSU with a written reply whether it agrees to conclude the licence agreement for the highest price bidden by it, as well as conclude the licence agreement within 2 (two) weeks.
- 5.4. If RSU does not receive consent of the Auction Participant, who has bidden the next highest price, to the conclusion of the licence agreement for the highest bid price and the licence agreement is not signed, the Auction Participant, who has bidden the next highest price, loses the right to conclude the licence agreement, but the Auction Commission decides on recognition of the Auction as void.
- 5.5. If the Object of Auction is not bidden at the Auction, the Auction Commission is entitled to organise another auction or implement a negotiated procedure.
- 5.6. 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 result or of the day, when the respective procedural action has taken place or the decision, about which the complaint is submitted, has been adopted. The RSU rector shall review the complaint within 7 (seven) working days and submit a reply.
- 5.7. The Auction Winner should pay the initial, fixed payment in accordance with provisions of the licence agreement. If the payment is not made, RSU is entitled to terminate the licence agreement unilaterally.
- 5.8. RSU is 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 early terminated due to any reasons, RSU is entitled to organise another auction.

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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