COMMERCIAL IN CONFIDENCE

Transaction Information Sheet

IP Licence and Assignment Option - Example Physical Sciences

THE UNIVERSITY OF MELBOURNE

Transaction Details

Technology/project name	Direct Air Capture (DAC) technology
Prospective licensee	New Co Pty Ltd
Starting Stage	☐ Evaluation Licence stage (*Commercialisation Licence if trigger met*)
Licensed IP	The Assignable IP and Non-Assignable IP outlined below
Assignable IP *IP the University will exclusively licence to your start-up, and may transfer to your start-up if an Assignment Trigger is met and the assignment option is validly exercised*	PCT/AU2025/XXXXXX titled "Title" as well as qualifying Licensee Improvements and Research Group Improvements (see section 2 below).
Non-Assignable IP *IP that the University will non-exclusively license to your start-up, and which will remain University-owned.*	None
Field	All fields of use
Territory	Worldwide
Research Group	Professor Joe Blogs as a University employee, and University personnel under their direct supervision.

1. Transaction pathway and milestones

The transaction is designed as a staged pathway. It gives your start-up an opportunity to establish commercial traction before ownership of the core assignable IP transfers, while preserving a clear route to ownership if the agreed milestones are achieved.

A. Evaluation Stage

This transaction begins with a 12-month evaluation stage. During that stage, your start-up receives an exclusive right to use the Assignable IP, and a non-exclusive right to use the Non-Assignable IP.

The evaluation licence is for the purposes of your start-up meeting one of the following ‘Commercialisation Triggers’:

i. raise at least A$250,000 in investment funding; or

ii. secure bona fide customer purchase orders totalling at least A$250,000 for products using the Licensed IP.

If your start-up meets a Commercialisation Trigger and substantiates it to the University, it may move into the commercialisation licence stage.

B. Commercialisation Licence

At the commercialisation licence stage, your start-up will receive an exclusive licence to exploit the Assignable IP and a non-exclusive licence to exploit the Non-Assignable IP for the full term of the agreement.

The term continues until the later of expiry or lapse of the last relevant patent or other exclusive right in the Licensed IP and 20 years after the first commercial sale of a relevant product, unless the agreement is terminated earlier.

C. Assignment and Assignment Triggers

Your start-up may acquire the Assignable IP by meeting at least one of the following 'Assignment Triggers':

i. raise and secure aggregate investment funding of at least A$5 million;
ii. generate at least A$3 million in revenue from relevant Products in any 12-month period; or
iii. enter into a binding market-value sale of all or substantially all shares, business or Assignable IP to a bona fide third party for at least A$1 million.

Following assignment, the Non-Assignable IP remains University-owned and continues to be licensed.

2. Licensed Improvements

A. Licensee Improvements

Before assignment, improvements that your start-up makes to the Licensed IP will be owned by the University and form part of the Assignable IP licensed to your start-up. If the assignment option is exercised, those improvements will be transferred to the start-up along with the other Assignable IP. After assignment, your start-up will own its further improvements.

B. Research Group Improvements

Certain University-made improvements created by the nominated University Research Group (see Transaction Details, above) may also form part of the Assignable IP. To qualify, an improvement must be created by members of the nominated Research Group (see above) in compliance with applicable conflict of interest obligations, be created and disclosed to the University's technology transfer office within the first year of the agreement, depend on the Assignable IP for its exploitation and be free of incompatible third-party rights.

3. Equity issue

In exchange for the licence, your start-up will issue fully paid ordinary shares to the University's commercialisation subsidiary, UM Commercialisation.

The equity will be issued when the start-up first exercises either the option to obtain the commercialisation Licence or the option to acquire the Assignable IP.

The equity will comprise the number of ordinary shares required to give UM Commercialisation 15% of the start-up on a fully diluted basis. If the option is exercised in connection with an investment event that satisfies the relevant Commercialisation Trigger or Assignment Trigger, this percentage will be calculated on a premoney basis, immediately before completion of that investment event. Otherwise, it will be calculated immediately after the shares are issued.

The equity will be issued as soon as reasonably practicable after the agreement is executed.

The equity will comprise the number of ordinary shares required to give UM Commercialisation 15% of the start-up immediately after the shares are issued, calculated on a fully diluted basis.

The equity will be subject to dilution from the date of issue in the same manner as the start-up's other ordinary shares.

The start-up and its shareholders will also enter into a shareholders agreement or deed on terms agreed with UM Commercialisation.

4. Patent management and costs

A. Patent management

Until assignment, the University will manage the prosecution and maintenance of any licensed patents, in consultation with your start-up.

B. Costs during the first year

The University will pay provisional and PCT fees for any listed provisional applications during the first year of the licence. This does not include national phase costs.

C. National phase and ongoing costs

The University will consult your start-up before entering a national phase. If the parties agree to proceed, your start-up must prepay the estimated national phase costs at least 14 days before the filing deadline. Your start-up must also reimburse other patent registration costs incurred during the Term.

D. Repayment of University-funded costs

Your start-up must repay the University's prior registration costs for the licensed patents, as specified in the licence, together with any provisional and PCT fees paid by the University during the first year. These amounts will be repaid in equal instalments over three years, commencing after the first year of the licence.

If your start-up proceeds no further than the evaluation stage (i.e. it does not exercise the commercialisation licence or assignment option), the prior registration costs and first-year provisional and PCT fees do not need to be repaid to the University.

5. Other key terms

A. Commercialisation and compliance

Your start-up must use diligent and reasonable efforts to develop and commercialise the technology, obtain necessary approvals, develop markets and comply with applicable laws, regulatory requirements and quality standards.

B. Sublicensing

During the Evaluation Licence, sublicensing requires University consent.

During the Commercialisation Licence, your start-up will not require University consent for specified non-exclusive sublicensing to distributors, development or manufacturing service providers, and, in the case of software, to delivery providers and end users. Other sublicensing will require University consent.

C. University retained rights

The University will retain perpetual, worldwide, royalty-free rights to use the relevant IP for non-commercial research, education and publication and to comply with relevant third-party commitments.

D. Risk, liability and insurance

Your start-up develops and commercialises the technology at its own risk. Your start-up must indemnify the University against specified risks arising from commercialisation and maintain appropriate public liability, professional indemnity and, where applicable, product and clinical liability insurance.

Each party's liability is capped at A$200,000, subject to important exceptions, including the start-up's indemnities and obligations relating to equity to be issued to UM Commercialisation and patent costs and potential claims arising from matters within the start-up's (not the University's) control.

E. Termination

Your start-up may terminate the agreement at any time on 90 days' notice, and either party may terminate for material breach or insolvency. The University will also have termination rights if your start-up's relevant business activities cease or specified misconduct or reputational harm occurs, or the required equity arrangements (see above) are not completed.

If the agreement ends before assignment, the licences cease and sublicences terminate, unless novated to the University. However, your start-up will be able to complete genuine existing orders and, where applicable, finish and sell relevant products for six months after termination.

Contact for further information:

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