COMMERCIAL IN CONFIDENCE

Transaction Information Sheet

IP Licence and Assignment Option – Software with Protected Equity / Anti-dilution

THE UNIVERSITY OF MELBOURNE

Important: This document summarises the proposed pathway for a start-up to obtain a licence from the University to specified University IP and, after achieving agreed milestones, acquire specified assignable IP. **It is indicative and non-binding**. It does not grant any rights or oblige either party to proceed. Any transaction is subject to due diligence, University approvals and execution of a definitive agreement.

Transaction Details

Software/project name	New approach to developing AI Models
Prospective licensee	New Co Pty Ltd
Starting Stage	☐ Commercialisation Licence stage
Licensed IP	The Assignable IP and Non-Assignable IP (see 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*	Copyright in the Code **Code:** (see table below) Assignable IP also includes qualifying Research Group Improvements, as described below. It does not include any open-source components.
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.

Title	Format	Link/source
xxx	Python	Github repository xxx

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. 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 20 years after the first commercial sale of a Product, unless the agreement is terminated earlier.

B. 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$3.5 million;
ii. generate at least A$2 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

Improvements that your start-up makes to the Licensed IP during the Commercialisation Licence are owned by your start-up. However, if the agreement ends before the Assignable IP is assigned to your start-up, the start-up must assign those improvements to the University.

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 as soon as reasonably practicable after the agreement is executed.

The equity will comprise the number of ordinary shares required to give UM Commercialisation 5% of the start-up immediately after the shares are issued, calculated on a fully diluted basis.

The equity will be non-dilutable until the start-up has raised at least A$5 million in equity investment. After that threshold is reached, the equity will be subject to dilution 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. Other key terms

A. Commercialisation and compliance

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

B. Sublicensing

During the Commercialisation Licence, your start-up may grant specified non-exclusive sublicences without University consent, including to distributors, reputable third-party development or manufacturing service providers, software delivery providers and end users. Other sublicensing requires University consent, which must not be unreasonably withheld.

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 software at its own risk. It must indemnify the University against specified risks arising from development, use, exploitation, sublicensing, third-party IP claims, product supply and related claims.

Each party's liability is capped at A$200,000, subject to important exceptions, including the start-up's indemnity, fraud or wilful misconduct, and failure to issue equity or comply with the equity arrangements.

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 may have limited rights for six months to fulfil genuine existing orders and, where applicable, complete and sell relevant Products.

Contact for further information:

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