**Annex 3**

*Draft Licence Agreement*

**Licence Agreement**

Riga,

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

**University of Latvia**, registration No. 90000076669, The Ministry of Education and Science Register of Educational Establishments Reg. No. 3391000218, legal address: Raiņa bulvāris 19, Riga, LV‑1586, (hereinafter – Licensor), represented by its Rector Indriķis Muižnieks, acting in accordance with the University of Latvia Constitution, on the one hand,

**Details of natural or legal person**, registration number \_\_\_\_\_\_\_\_\_\_, legal address: \_\_\_\_\_\_\_\_\_\_, represented by \_\_\_\_\_\_\_\_\_\_\_\_\_, acting in accordance with \_\_\_\_\_\_\_\_\_\_, (hereinafter – Licensee), on the other hand, hereinafter jointly referred to as the Parties, and severally – as the Party, conclude the following agreement (hereinafter – Agreement):

**1. Subject-matter of the Agreement**

1.1. 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 the use of the set of intellectual property object of the technology – the invention “A Device and a Method for Detection of Gastric Cancer through Exhaled Breath in a Test Subject” according to international patent application No. PCT/LV2021/050006 “A Device and a Method for Detection of Gastric Cancer through Exhaled Breath in a Test Subject” (hereinafter – Object), in accordance with Section 2 of the Agreement in all the countries of the world.

1.2. Under the Agreement, issuing of a licence shall not be considered alienation of the ownership of the Object in favour of the Licensee.

**2. Use of Object**

2.1. The Licensee has the right to issue a sub-license by notifying the Licensor 15 (fifteen) working days in advance and ensuring the conclusion of a tripartite cooperation agreement with the Licensor and sub-licensee.

2.2. Licensee has the right to use the Object for the manufacture, storage, use, import, export, offering for sale, sale and other release into the economic circulation of the gastric cancer screening equipment in all countries of the world. The Licensee shall have the right to specify the Licensor as the author and owner of the Object when dealing with the Object. 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.

2.3. Subject to separate agreement between the Parties, the Licensor reserves the right to further use of the Object for research purposes, and a separate agreement is concluded thereupon.

2.4. During the term of the agreement, the Licensee assumes responsibility for the protection of intellectual property, that is, to maintain in force the international patent application No. PCT/LV2021/050006 in accordance with Section 43 of the Patent Law.

**3. Confidential information and trade secret**

3.1. All the information 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 Object, including, but not limited to the information, which can be used to create a similar Object.

3.2. 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:

3.2.1. the information or materials are generally known;

3.2.2. 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 regulatory enactments;

3.2.3. the information characterising, explaining or justifying properties, functionality, uniqueness of the Object, at the same time ensuring that no information is disclosed which may directly lead to the creation of similar products by third parties.

3.3. 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 stipulated by the Civil Law that rights should be exercised and duties should be performed in good faith.

3.4. The Parties undertake not to disclose the Confidential Information indicated in the Agreement to any third party, subject to their liability under this Agreement for damages, including lost profits, and costs that may be incurred to the other Party in connection with the undertaking set out in this Paragraph. 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.

3.5. The Licensee shall ensure that it enters into full and adequate confidentiality agreements with its employees or any other natural or legal persons who deal with the Object. Activities of the subjects shall be permitted and limited only in the context of fulfilment of obligations under the Agreement.

3.6. 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, before the action is coordinated with the other Party. Having received objections of the other Party regarding handling of the Confidential Information, the Party shall stop the respective 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.

3.7. When terminating the Agreement, 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 the Licensor in any form and shall destroy or delete all duplicates or copies of information stored in paper form or electronic form, or another from. When signing the statement, the Licensee shall certify and assume responsibility that it acted in accordance with this Paragraph and further access to or dealing with the information pertaining to Object 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 institutions.

3.8. 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.

3.9. The Parties shall also observe the rules of processing of personal data:

3.9.1. If any documents or information are obtained within the scope of the Agreement, which contain or may contain personal data of natural persons (hereinafter – 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;

3.9.2. 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);

3.9.3. 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 for having the rights to transfer the Data to the other Party. The 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;

3.9.4. 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.

**4. Payments and settlement procedure**

4.1. The Licensee shall make payments to the Licensor for the use of the Object, as follows:

4.1.1. the initial, fixed payment of EUR 2000 (two thousand euros), without value added tax (hereinafter – VAT);

4.1.2. interest payments \_\_% (\_\_\_\_\_ percent) of the Licensee’s income from the sale, rental or other type of technology implementation on the market of gastric cancer screening equipment, but not less than EUR 400 (four hundred euros) for each sale, rental or other type of technology implementation on the market of gastric cancer screening equipment, excluding VAT.

4.2. The Licensee shall make the payment in accordance with the invoices prepared by the Licensor.

4.3. The Licensee shall pay the invoice for the initial, fixed payment specified in Paragraph 4.1.1 of the Agreement within 1 (one) month of conclusion of the Agreement and issuing of the invoice.

4.4. When paying regular interest payments, the Parties shall observe the following:

4.4.1. within 15 (fifteen) days after the end of each calendar half-year (June, December), the Licensee shall submit to the Licensor a written report containing both a summary and detail of the sales and income volumes, 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;

4.4.2. the Licensor shall evaluate the received information and, if it is considered sufficient and acceptable, send a regular interest payment invoice to the Licensee;

4.4.3. the payment deadline for the Licensee shall be 15 (fifteen) days of receiving the invoice issued by the Licensor.

4.5. Registration of income and provision of reports:

4.5.1. the Licensee shall keep complete and accurate records, incl. with supporting documentation, of the sales and income acquired from sales of gastric cancer screening equipment;

4.5.2. the Licensee shall produce and submit the records and documentation about the sales and income acquired from sales of gastric cancer screening equipment 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 thereof;

4.5.3. the Licensee should retain 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;

4.5.4. any accounting or audit review shall be performed at the expense of the Licensor;

4.5.5. an accounting or audit review may not take place more frequently than once a year, except in the case when discrepancies have been discovered in the previous half-year. In this case, the audit may take place twice a year or every quarter;

4.5.6. By concluding an additional agreement to the Agreement, the Parties may clarify or supplement the conditions included in Sub-paragraphs of Paragraph 4.5.

**5. Term of validity of the agreement**

5.1. The Agreement is concluded for 5 (five) years and enters into force when signed by both Parties.

5.2. The Parties shall have the right to terminate the Agreement before its expiry upon a written agreement between the Parties.

5.3. 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.

5.4. The Licensor shall have the right to terminate the Agreement unilaterally also in case, if:

5.4.1. the Licensee does not pay the initial, fixed payment within the set deadline;

5.4.2. if insolvency proceedings or legal protection proceedings (out-of-court legal protection) of the Licensee are initiated in the court;

5.4.3. if the Object is sub-licenced, in breach of Paragraph 2.1. of the Agreement;

5.4.4. the Licensee has violated the provisions regarding Confidential Information or trade secret.

**6. Liability of the parties and dispute settlement procedure**

6.1. The Licensee shall pay to the Licensor a late payment penalty of 0.5% (zero point 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

6.2. The payment of the penalty shall not release the Parties from complete fulfilment of their liabilities.

6.3. The Parties shall be bound by generally acceptable *force majeure* conditions, which may be caused by fire, natural disasters, wars, 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 Paragraph 6.5 of the Agreement.

6.4. The Party facing *force majeure* shall inform the other Party about its occurrence and termination in writing within 5 (five) days. To ascertain the occurrence of such conditions and their duration, the other Party may request official statements issued by a respective state authority, or other proof.

6.5. 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. Final provisions**

7.1. Any matters not covered by the Agreement shall be dealt with in accordance with the applicable laws and regulations of the Republic of Latvia.

7.2. In the event that any clause of the Agreement becomes invalid, the validity of the remaining clauses of the Agreement shall not be affected.

7.3. 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.

7.4. The contact person in the performance of the Agreement:

7.4.1. the Licensor appoints \_\_\_\_\_\_\_\_\_, tel. \_\_\_\_\_\_\_\_\_, e-mail address: \_\_\_\_\_\_\_\_;

7.4.2. the Licensee appoints \_\_\_\_\_\_\_\_\_, tel. \_\_\_\_\_\_\_\_\_\_\_\_, e-mail address: \_\_\_\_\_\_\_\_.

7.5. The Agreement is concluded in Latvian on \_\_ (\_\_\_\_) pages. The Parties sign the Agreement with a secure electronic signature containing a time stamp. The date of signature of the Agreement is the date of the last added secure electronic signature and its time stamp. Each of the Parties shall have access to the mutually signed Agreement in electronic format.

**8. Details and signatures of the parties**

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| **University of Latvia** | **First name/last name of natural person or name of legal person** |
| Registration No. 90000076669 | Registration No. |
| The Ministry of Education and Science Register of Educational Establishments Reg. No. 3391000218 | Tax payer registration No. |
| Address: Raiņa bulvāris 19, Riga, LV-1586 | Address: |
| Bank: Republic of Latvia Treasury | Bank: |
| IBAN account: LV33TREL9150101000000 | IBAN account: |
| SWIFT code: TRELLV22 | SWIFT code: |
| **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Indriķis Muižnieks** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **(first name/last name)** |