

## PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Project Results Transfer Agreement
CONVEYING PARTY DATA	
Name	Execution Date
SCHWARZ PHARMA AG	12/11/2006
RECEIVING PARTY DATA	
Name:	4SC AG
Street Address:	Am Klopferspitz 19a
City:	Planegg-Martinsreid
State/Country:	GERMANY
Postal Code:	82152
PROPERTY NUMBERS Total: 1	
Property Type	Number
Application Number:	12017724
CORRESPONDENCE DATA	
Fax Number:	(703)243-6410
Phone:	703-243-6333
Email:	mail@mwzb.com
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>	
Correspondent Name:	Millen, White, Zelano & Branigan, P.C.
Address Line 1:	2200 Clarendon Blvd., Suite 1400
Address Line 2:	Pam Richardson
Address Line 4:	Arlington, VIRGINIA 22201
ATTORNEY DOCKET NUMBER:	BOEHMERP-0046
NAME OF SUBMITTER:	Csaba Henter
Total Attachments: 6 source=TransferAgreement#page1.tif source=TransferAgreement#page2.tif source=TransferAgreement#page3.tif source=TransferAgreement#page4.tif source=TransferAgreement#page5.tif source=TransferAgreement#page6.tif	

OP \$40.00 12017724

V-011  
U. Klug

## Project Results Transfer Agreement



V01527

This Agreement is made the December 7, 2006, by and between

SCHWARZ PHARMA AG  
Alfred-Nobel-Straße 10  
40789 Monheim am Rhein  
Federal Republic of Germany

– hereinafter referred to as "SCHWARZ" –

and

4SC AG  
Am Klopferspitz 19 a  
82152 Planegg-Martinsried

– hereinafter referred to as "4SC" –  
– hereinafter collectively referred to as "Parties"  
and each individually referred to as "Party" –

Whereas, the Parties entered into a Material Transfer and Development Agreement dated December 22./23., 2004 related to research on agonists of the  $\beta$ -3-adreno receptor; and

Whereas, SCHWARZ has terminated the above-mentioned agreement, such termination being effective as of October 31, 2006; and

Whereas, under Article 12.2 of the above-mentioned agreement, the Parties agreed to enter into good faith negotiations on the transfer of Project Results (as defined therein) from SCHWARZ to 4SC upon termination; and

Whereas, 4SC is interested in receiving said Project Results and SCHWARZ is willing to transfer said Project Results to 4SC.

Now, therefore, the Parties hereby agree as follows:

### Article 1 – Definitions

- 1.1 "Patents" shall mean patents and patent applications, any patent or patent applications sharing a common priority claim with those patents and patent applications as named above, any patents granted on any such applications and any amendments, extensions (including supplementary protection certificates or equivalent rights), re-examinations, divisional applications, continuations, continuations-in-part, re-issues or patents of addition based on any of them, that are applied for by or on behalf of 4SC based on the Project Results.

- 1.2 "Project Results" shall mean any and all data, inventions, new substances, compounds, know-how and/or trade secrets generated either individually or in joint cooperation by the Parties under and/or in direct connection with the Material Transfer and Development Agreement dated December 22./23., 2004, and which are owned by SCHWARZ according to Article 5.1 of said agreement.
- 1.3 "PoC" shall mean that 4SC, either due to an own investment or in a collaborative effort and joint investment of at least 50% with a potential third party licensee, has brought the project closer to a pre-development candidate status (meaning that at least data of a proof-of-concept study in a validated OAB animal model, pilot acute toxicity data and in-vitro mutagenicity data (AMES test) is available).
- 1.4 "Territory" shall mean the whole world.

## **Article 2 – Transfer of Project Results**

SCHWARZ shall assign the Project Results without undue delay to 4SC and 4SC hereby accepts such assignment of Project Results and the full unfettered and exclusive right to use the Project Results for any purpose whatsoever (including the filing of Patents in respect of all or any part of it). 4SC in place of SCHWARZ shall as from the date of this Agreement be entitled to all rights deriving from said Project Results in the Territory, including the right to Patents or other intellectual property applications in its own name anywhere in the Territory in respect of anything contained in the Project Results, and to claim priority from any of the Patents. For the avoidance of doubt, the Project Results are transferred and assigned to 4SC "as is" and as existing at SCHWARZ.

## **Article 3 – Transfer of Documents**

SCHWARZ shall transfer to 4SC all existing documentation and any draft work prepared for the purpose of a priority claim patent filing (the "Priority Filing") relating to said Project Results in SCHWARZ's possession. Further, Schwarz shall furnish to 4SC all files relating to the Project Results, so that 4SC may have complete records of all actions relating thereto.

## **Article 4 – Technical Assistance**

4SC agrees to complete the Priority Filing based on the drafts provided by SCHWARZ to 4SC according to Art. 3 and to file Patent(s) within three (3) months after transfer of the Project Results from SCHWARZ to 4SC. Upon request of 4SC, SCHWARZ agrees to provide reasonable assistance with regard to the completion of the Priority Filing. At least twenty (20) days prior to the Priority Filing, 4SC will provide SCHWARZ with the final draft for such Priority Filing document for review and potential comments; such comments of SCHWARZ to be reasonably considered by 4SC. After Priority Filing has been effected, 4SC will provide SCHWARZ with a copy and documentation of the Priority Filing particulars.

## **Article 5 – Warranties as to Project Results**

To the best of its present knowledge SCHWARZ declares that it has the entire disposal of all past and present rights to and for the Project Results. For the

avoidance of doubt any warranty of SCHWARZ with regard to said Project Results and/or non-infringement of rights of third parties by Project Results is hereby expressly excluded.

#### **Article 6 – Licensing of Patents and/or Project Results to Third Parties**

- 6.1 4SC intends to search for a suitable cooperation partner for further use of Patents and/or the Project Results. 4SC will apply its reasonable best efforts to enter into a cooperation/licensing agreement with such a third party. SCHWARZ is allowed to present the project also to third parties being understood that SCHWARZ will refer all potentially interested third parties to 4SC.
- 6.2 4SC will give SCHWARZ every six (6) months an update of the status (e.g. prior IND, after IND, Clinical Phase 1,2,3, NDA) of the project and 4SC's licensing activities. As soon as 4SC has entered into an agreement with a third party relating to Patents and/or Project Results 4SC shall inform without undue delay SCHWARZ about such circumstances. 4SC will apply best efforts to include a provision in an agreement with such third party allowing to disclose an un-redacted copy of such agreement to SCHWARZ. However, in case such an agreement with a third party does not allow to disclose an un-redacted copy, SCHWARZ may appoint an auditor as described in article 7.5 in order to examine books and records with regard to all possible payments to be received from third parties with regard to Patents and/or Project Results.

#### **Article 7 – Payments**

- 7.1 For the transfer of the Project Results as stated above, 4SC agrees to make the following payments to SCHWARZ:
- a) twenty-five percent (25%) of any payments, equity investments and cash considerations received from third parties with regard to the Patents and/or the Project Results (including, but not limited to down payments, milestone payments and royalties) prior to PoC;
  - b) eighteen percent (18%) of any payments, equity investments and cash considerations received from third parties with regard to the Patents and/or the Project Results (including, but not limited to down payments, milestone payments and royalties) after PoC is achieved.
  - c) it is understood and agreed that all further payments as stated under 7.1a) and b) above are not capped and 4SC's obligation to pay the payments as stated under 7.1a) and b) above to SCHWARZ will exist for an unlimited period of time.

For the avoidance of misunderstanding, equity investment shall mean an equity investment of a third party into 4SC which is exclusively being made in the context of a licensing contract according to Article 6 with such third party and which exclusively leads to the generation of new 4SC shares.

- 7.2 Cost contributions (including, but not limited to FTE reimbursements, material cost reimbursements, but excluding down payments, milestone payments, royalties and equity investments) received by 4SC from any third party up to an accumulated amount of five (5) million Euros shall not be considered payments and cash considerations according to Art. 7.1a) and b).

For the avoidance of misunderstanding, equity investment shall mean an equity investment of a third party into 4SC which is exclusively being made in the context of a licensing contract according to Article 6 with such third party and which exclusively leads to the generation of new 4SC shares.

- 7.3 For clarification 4SC is only obliged to make payments to SCHWARZ after receipt of payments from that third party licensee of 4SC; 4SC is obliged to inform SCHWARZ at the end of each calendar quarter on the receipt of such payments from third parties and the computation of resulting payments due from 4SC to SCHWARZ. Resulting payments from 4SC to SCHWARZ hereunder are due and payable within thirty (30) days after the end of each calendar quarter.
- 7.4 In case any of the payments mentioned under 7.1 is not effectuated in due time to the bank account designated and indicated from time to time by SCHWARZ to 4SC in writing, 4SC will pay interest on such overdue amounts to SCHWARZ at a rate of three percent (3%) above the then applicable EURIBOR.
- 7.5 4SC agrees to keep books and records with regard to all payments received from third parties with regard to Patents and/or Project Results, all facts and circumstances that led to such payments; and the computation of payments made to SCHWARZ.

At the request of SCHWARZ, 4SC shall permit an auditor appointed by SCHWARZ and reasonably acceptable to 4SC to examine such books and records to the extent necessary to verify the accuracy of determination of payments due and made to SCHWARZ. Such audit shall not take place more than one time per calendar year.

Should such audit reveal any discrepancies between the payments made to SCHWARZ and the books and records evaluation exceeding four percent (4%) in favour of 4SC, then 4SC shall pay in full the costs of such audit; otherwise the full costs for such audit have to be borne by SCHWARZ.

#### **Article 8 – Confidentiality**

Safe as for the purposes stated in Art. 6.1, SCHWARZ agrees that it will not without prior written consent of 4SC communicate or otherwise make available to any third party the Project Results and any information received under 6.2 or any part thereof which is not already in the public domain.

Without the prior written consent of the other Party, a Party may not disclose any other information regarding the Agreement and specifically may not disclose the financial terms thereof.

#### **Article 9 – Press Release**

Any potential Press Releases have to be mutually agreed by the Parties.

#### **Article 10 – No-Challenge and Assistance Clause**

SCHWARZ agrees not to challenge the Patents and not to assist third parties in attacks on the Patents.

#### Article 11 – Costs


The costs and fees of this Agreement as well as all costs for the assignment and recording of assignment of Patents will be borne by 4SC. 4SC will also pay all fees and costs for the filing, maintenance and prosecution of the Patents after the execution of this Agreement.

#### Article 12 – Severability


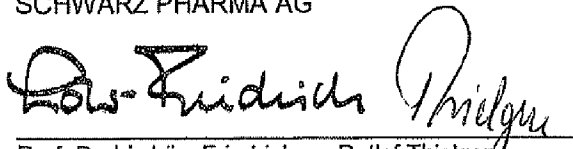
Should one of the provisions of this Agreement be declared invalid or unenforceable by the judgment or decree, by consent or otherwise, of a court of competent jurisdiction from whose decision no appeal is or can be taken, this will be without effect on the validity of the Agreement as a whole. Both Parties will, however, endeavour to replace the void provision by a valid one which in its economic effect complies most with the void provision.

#### Article 13 – Jurisdiction and Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the Federal Republic of Germany; with the exclusive jurisdiction of the District Court of Düsseldorf/Germany in cases of disputes between the Parties that cannot be amicably resolved.


  
Monheim am Rhein, December 7, 2006

SCHWARZ PHARMA AG

   
Prof. Dr. Iris Löw-Friedrich    Detlef Thielger  
Member of the                      Member of the  
Executive Board                      Executive Board

Planegg-Martinsried, ~~December 11~~, 2006

4SC AG

  
Dr. Ulrich Dauer  
CEO

4SC AG  
Dr. Ulrich Dauer  
Am Klopferspitz 19a  
82152 Planegg-Martinsried

Monheim, 11. Dezember 2006

**Project Results Transfer Agreement**

Sehr geehrter Herr Dr. Dauer,

in der Anlage schicken wir Ihnen zwei Originale des von uns unterschriebenen „Project Results Transfer Agreements“ zwischen SCHWARZ PHARMA und 4SC. Bitte senden Sie eines der Originale nach Gegenzeichnung an uns zurück.

Mit freundlichen Grüßen



Dr. Anna Lisa Picciolo-Lehrke  
Manager, Corporate Business Development & Licensing

Anlagen