

Improvements

7. Should any change or improvement be made by either party in any product or process covered by this agreement, the same shall come within the operation and terms of this agreement as though specifically described herein. Any improvement made by the Licensee and considered worthy of patenting by mutual agreement of the parties hereto, shall be patented by and at the expense of the Licensee and assigned to the Licensor.

Patent Arrangements

8. The Licensee at its own expense will apply at once on behalf of Dr. Collip and the Licensor for a patent in the United States of America, and take all necessary and advisable steps to secure this patent and to protect the mutual interests of the parties hereto.

Litigation

9. In the event litigation becomes necessary or advisable for the prosecution or defense of any right under any patent covered hereby, the action of the parties with respect thereto shall be determined by their mutual consent and at their equal cost and expense, but the total necessary expense thereof shall be furnished from time to time by the Licensee, who shall, however, charge one half of its said disbursements to the royalty account of the Licensor and be relieved from the payment of royalties to that amount.

Royalty Payments

10. The Licensee will pay, during the term, in the manner and on the conditions herein provided, a royalty of Five percent (5%) to the Licensor, upon the regular net selling price to its wholesale distributors of such of said substances covered hereby as it may sell after deducting any <sup>from gross sales</sup> returns from or allowances to the trade.

11. Payments of royalty shall be made quarterly as soon after the end of each calendar quarter as the Licensee is reasonably able to determine the proper amount thereof.

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licensee pays  
all expenses.