

APPROVED BY:
Chairman of the Auction
Commission,
APP "Latvian Biomedical Research and Study Centre"
Head of Procurement and
Supply Unit
Oskars Zvejnieks
14.06.2022.

APP " Latvian Biomedical Research and Study Centre "
Intellectual Property Auction Regulations No. 3-1/2022
**“GUT IT platform prototype and information on platform architecture, intestinal
microbiome taxonomic composition reporting algorithm and intestinal microbioma data
reference database”**

1. General Provisions

- 1.1. The Auctioneer - APP "Latvian Biomedical Research and Study Centre" (hereinafter - BMC), registration No. 90002120158, legal address: Rātsupītes iela 1 k-1, Rīga, LV-1067.
- 1.2. The Regulations determine the procedure for the auction of BMC intellectual property (hereinafter - the Regulations).
- 1.3. BMC commercializes intellectual property in its ownership with a view to obtain the most commercially advantageous offer for **the intellectual property - know-how: “GUT IT platform prototype and information on platform architecture, intestinal microbiome taxonomic composition reporting algorithm and intestinal microbioma data reference database”**, developed in scope of the project No. KC-PI-2020/30 “Dynamic human microbiome data platform and interpretation tool for personalized health recommendations” within the measure 1.2.1.2. “Support for the Improvement of Technology Transfer System” of the specific support objective 1.2.1. “To increase private sector investment in R&D” of Action Program “Growth and Employment”.
- 1.4. Information on the intellectual property can be obtained by contacting BMC by e-mail: iepirkumi@biomed.lu.lv.
- 1.5. The auction form is a written auction with an **ascending step**.
- 1.6. All other issues, which are not provided for in the provisions of these Regulations, shall be guided by the effective regulatory enactments of the Republic of Latvia. The provisions of these Regulations are applicable and shall be interpreted in accordance with the laws and regulations of the Republic of Latvia.

2. Terms used in the Regulations

- 2.1. Auction participant is a legal entity.
- 2.2. The auction object is a technology transfer license with the rights of usage of the intellectual property - know-how: “GUT IT platform prototype and information on

platform architecture, intestinal microbiome taxonomic composition reporting algorithm and intestinal microbiome data reference database”.

- 2.3. The starting price of the auction object - interest payments in the amount of 5% (five percent) of the annual turnover of the sold products.
- 2.4. The term of the license agreement is 10 (ten) years.
- 2.5. The type of license: a simple license where the licensee and the licensor have the right to use the licensed intellectual property and the licensor has the right to agree with other companies on the issuance of a simple license.
- 2.6. Pursuant to the terms of the license agreement, the license fee consists of interest payments in the auctioned amount on the annual turnover of the products sold (an object produced by the licensee, which includes the licensor’s intellectual property, or was manufactured using the licensor’s intellectual property). Interest payments shall be made annually from the date of entry into force of the license agreement until the expiry of the license agreement. The interest payments shall be made for the previous calendar year within 1 (one) month from the date of submission of the financial statements.
- 2.7. The highest price of the auction object is a written offer of the auction participant, which includes the highest bid price of the auction object from all auction participants - the amount of interest payments.
- 2.8. Auction winner is the auction participant who has bid for the highest price of the auction object - the amount of interest payments - for the auction object.
- 2.9. Application is an application submitted by an auction participant for participation in the auction with the offered price of the object to be auctioned (*Appendix No. 1*).
- 2.10. Auction commission, or the Commission – the auction commission, approved by the BMC order dated 14.06.2022..

3. Auction organization procedures

- 3.1. Not later than 2 (two) weeks before the auction, the Commission publishes information about the auction on the BMC website <http://www.biomed.lu.lv/> and places the Regulations, the Application Form and the draft license agreement on the same website.
- 3.2. Any legal entity that has submitted the documents listed below within the term and in accordance with the procedure specified in the Regulations can become a participant in the Auction:
 - 3.2.1. A completed Application for participation in the auction (*Appendix No. 1*), which indicates the amount of interest payments for which the Auction participant wishes to purchase the Auction object. In the application, the Auction participant confirms that it has familiarized itself with the provisions of the Regulations.
 - 3.2.2. In addition, the following documents shall be submitted:
 - 3.2.2.1. A printed statement from the Company Register (UR) website <https://info.ur.gov.lv> or the Application must contain information as a link to the information unit on the UR website, which confirms the registration of the Auction participant in accordance with the requirements of the laws and regulations of the Republic of Latvia. An Auction participant registered abroad shall submit a copy of a registration certificate issued by an equivalent business / commercial registration authority abroad where the Auction participant is registered or a document certifying that

the Auction participant is registered in accordance with the requirements of the laws and regulations of the respective country. If the regulatory enactments of the Auction participant's country of registration do not provide for the issuance of a registration certificate, the Auction participant shall submit information regarding the Auction participant's registration number and registration time, as well as indicate the competent authority that may certify the registration in case of necessity.

3.2.2.2. A printed statement from the UR website [https:// info.ur.gov.lv](https://info.ur.gov.lv) or the Application must contain information as a link to the information unit on the UR website, which confirms the signature (representation) rights of the representative of the Auction participant who signs the Application. An Auction participant registered abroad shall submit a document confirming the signature (representation) rights of the Auction participant who signs the Application.

If the documents are signed by an authorized person(s) of the Auction participant, then the original power of attorney or a certified copy of the power of attorney of the official of the Auction participant authorized as a signatory, confirming the right of the person(s) to sign the documents on behalf of the Auction participant shall be attached.

3.2.2.3. Acknowledgement of the Auction participant that no insolvency or bankruptcy proceedings have been initiated against it on the day of the auction (*Appendix No. 2*).

3.2.2.4. Acknowledgement of the Auction participant that no international or national sanctions or significant sanctions imposed by a member state of the EU or the North Atlantic Treaty Organization affecting the financial and capital market interests have been applied to it on the day of the auction (*Appendix No. 2*).

3.3. The Application with all appendices shall be prepared in Latvian or English; it must be clearly legible, without corrections or deletions. If the Auction participant submits the document derivatives, it must be confirmed in accordance with the Regulations of the Cabinet of Ministers No. 588 "Procedures for Development and Execution of Documents".

3.4. The signature of the Auction participant (or its authorized representative) on the Application for participation in the auction confirms its full acquaintance with these Regulations, its annexes, including the approved draft license agreement in the version attached to the Regulations, as well as the fact that the documents are fully understandable.

3.5. The application can be sent by post, submitted electronically or in person, provided that the following conditions are fulfilled:

3.5.1. The Application is submitted in the form of an electronic document, signing it with a secure electronic signature and sending it to the e-mail address iepirkumi@bmc.lv on or before July 2, 2022 at 11:00 (EEST). If the application or the documents attached to it are signed with a secure electronic signature issued abroad, an additional address must be provided where the electronic document

signed with a secure electronic signature can be verified.

- 3.5.2. The Application is sent by registered mail by post or submitted in a personally sealed envelope to APP “Latvian Biomedical Research and Study Centre”, Rātsupītes iela 1 k-1, Riga, LV-1067 until **July 2, 2022 at 10:00 (EEST)**. The postal item must be delivered at the place and within the time limit specified in the subparagraph 3.5.2. The Auction participant personally bears the risk of late delivery. The time of arrival must be agreed with the BMC when submitting the Application in person.
- 3.6. When sending the Application by post or submitting in person, the Auction participant shall place the bid for the Auction object with the documents specified in the Regulations in a sealed envelope, indicating: “Application for the BMC Intellectual Property Auction.” The name, details and contact information of the Auction participant shall be indicated on the envelope.
- 3.7. The applications received shall be registered in the order in which they are received.
- 3.8. The Applications submitted after the deadline will not be accepted and will be returned or sent back to the Auction participant without opening. Until the end of the specified term, the Auction participant may withdraw its Application in writing by submitting a letter in person to BMC at Rātsupītes iela 1 k-1, Riga, LV-1067, sending it by post to the specified address or sending an e-mail, signed with a secure electronic signature, to the electronic communication address: iepirkumi@biomed.lu.lv.
- 3.9. The Auction Commission will open the bids **on July 3, 2022 at 11:00 (EEST)**.
- 3.10. The Application opening meeting of the Commission is open and takes place in person at the APP “Latvian Biomedical Research and Study Centre”, Rātsupītes iela 1 k-1, Riga, LV-1067. Participation in the Application opening meeting of the Commission must be agreed in advance with the BMC before July 2, 2022 at 17:00 (EEST).

4. Assessment of the Auction bids

- 4.1. The Auction Commission checks whether the Applications that meet the requirements of the Auction contain all information set forth in these Regulations (details of the Auction participant, the offered price of the Auction object promised, the acceptance of the proposed license agreement) and whether the submitted Application complies with the requirements of the Regulations.
- 4.2. The Auction Commission is entitled to exclude from participation in the Auction the Applications that do not contain all information required by these Regulations, or if the submitted information does not comply with the requirements of these Regulations.
- 4.3. The Applications that comply with the requirements of the Regulations will be compared and evaluated according to the highest offered price for the Auction object - the amount of interest payment, which must be expressed in whole numbers.
- 4.4. If several Auction participants have the same highest price, a second round of the written auction will be held, to which the participants who have offered the same highest price will be invited.
- 4.5. If after the opening of all bids it turns out that 2 (two) or more Auction participants have offered the same highest price and the Auction participants or their representatives participate in the Application opening meeting of Commission, the Commission shall

continue the auction by accepting written bids from those participants who have offered the same highest price, and organize an immediate opening of applications. If some of the participants offering the same highest price does not take part in the Auction, the Commission shall ask the participants tenderers offering the same highest price in writing to submit their tenders in writing, specifying the date, time and place for the submission and opening of tenders.

- 4.6. BMC has the right to offer the other Participants of the Auction to conclude an agreement on the license object for the highest price for the object of the Auction offered.
- 4.7. The entire process of the Auction, i.e., opening of bids, selection of the Auction participants, assessment of bids and decision-making, shall be recorded. The Auction shall be held by the auctioneer, who introduces itself and the composition of the commission and designates the Auction recorder. The auctioneer names the Auction object. All members of the Commission sign a declaration that they are not interested in the winning of a particular Auction participant.
- 4.8. The Auction shall be deemed to have taken place without result if no Auction participant has applied.
- 4.9. After evaluating the Applications, the Auction Commission will announce the results to all Auction participants in an e-mail and publish information about the auction results on the BMC website <http://www.biomed.lu.lv/>.
- 4.10. After assessment of the Applications, the Auction Commission shall announce the results to all Auction participants by e-mail and publish information on the auction results on the BMC website: <http://www.biomed.lu.lv/>.

5. Concluding a license agreement

- 5.1. After the announcement of the Auction results, the Auction participant - the winner of the Auction shall enter into a license agreement with BMC (*Appendix No. 3*) within 10 (ten) business days. Amendments in the license agreement are not accepted.
- 5.2. If the winner of the Auction has not signed the agreement within the specified term, BMC shall repeatedly invite the winner of the Auction to enter into a license agreement within 3 (three) business days. If the winner of the Auction has not signed the license agreement even after the repeated invitation, it is considered that the winner of the Auction has refused to enter into the agreement. In this case, the right to enter into a license agreement is acquired by the Auction participant who has bid the next highest price.
- 5.3. BMC shall notify the Auction participant who has bid the next highest price of the case referred to in Clause 5.2, and it shall submit a written response to BMC within 1 (one) week from the receipt of the BMC notification whether it agrees to enter into a license agreement for the highest bid it submitted.
- 5.4. If BMC does not receive the consent of the Auction participant who has bid the next highest price to enter into a license agreement for the highest bid price within the time specified in Clause 5.3, the Auction participant who has bid the next highest price loses the right to enter into the license agreement, but the Auction Commission decides to deem the Auction as not happened.
- 5.5. If the Auction object is not bid for, the Auction Commission has the right to conduct a

repeated auction.

- 5.6. Complaints about the decisions of the Auction Commission or its operation can be submitted for review to BMC at Rātsupītes iela 1 k-1, Riga, LV-1067 or by sending a complaint signed with a secure electronic signature electronically to the e-mail address: iepirkumi@biomed.lu.lv within 7 (seven) days after the Auction. BMC shall review the complaint within 7 (seven) business days and provide a response.
- 5.7. After concluding the license agreement and signing the transfer-acceptance deed specified in the agreement, no claims regarding the course of the Auction or the object of the Auction shall be accepted.
- 5.8. The winner of the Auction shall pay the bid price for the Auction object in accordance with the terms of the license agreement. If the payment is not made, BMC has the right to unilaterally cancel the license agreement. In the event that the license agreement is terminated, BMC has the right to re-auction.

Appendices to the Regulations:

1. Application for participation in the Auction (*Appendix No. 1*).
2. Acknowledgement form (*Appendix No. 2*).
3. Draft license agreement (*Appendix No. 3*).