As filed with the Securities and Exchange Commission on May 22, 1998
Registration No. 33-44562

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1
TO FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PROTEIN DESIGN LABS, INC.
(Exact name of registrant as specified in its charter)

Delaware	2836	94-3023969
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Number)	(I.R.S. Employer Indentification Number)

2375 Garcia Avenue
Mountain View, CA 94043
(650) 903-3700
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Douglas O. Ebersole, Esq.
Senior Vice President, Licensing and Corporate Services,
General Counsel and Secretary
PROTEIN DESIGN LABS, INC.
2375 Garcia Avenue
Mountain View, CA 94043
(650) 903-3700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
GREGORY M. GALLO, ESQ.
DOUGLAS J. REIN, ESQ.
Gray Cary Ware & Freidenrich LLP
400 Hamilton Avenue
Palo Alto, California 94301-1825
(650) 328-6561

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") check the following box.[ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [X] 133-44562

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [ ]

EXPLANATORY NOTE
This Post-Effective Amendment No. 1 to the Registration Statement on Form S-1 (File No. 33-44562) of Protein Design Labs, Inc. (the "Registration Statement") is filed pursuant to Rule 462(d) of the Securities Act solely for the purpose of refiling Exhibits 10.7, 10.8, 10.9, 10.11, 10.13, 10.14, 10.15 and 10.16 to the Registration Statement for which confidential treatment previously was granted and subsequently has been extended by the Securities and Exchange Commission. The contents of the Registration Statement are hereby incorporated by reference.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 16. Exhibits and Financial Statement Schedules.
(a) Exhibits.

Exhibit Number	Exhibit Title
1.1*	Form of Purchase Agreement.
3.1*	Restated Certificate of Incorporation.
3.2*	Amended Bylaws
4.1*	Registration Rights Agreement between the Company and certain holders of Preferred Stock and Common Stock dated August 21, 1986.
4.2*	Amendment to Registration Rights Agreement between the Company and certain holders of Preferred Stock and Common Stock dated March 16, 1989.
4.3*	Registration Rights Agreement between the Company and Hoffmann-La Roche Inc. dated March 16, 1989.
4.4*	Standstill Agreement between the Company and Hoffmann-La Roche Inc. dated March 16, 1989.
5.1*	Opinion and Consent of Ware & Freidenrich, A Professional Corporation.
10.1*	Form of Director and Officer Indemnification Agreement.
10.2*	1991 Stock Option Plan, together with forms of Incentive Stock Option Agreement and Nonqualified Stock Option Agreement.
10.3*	Founder Stock Purchase Agreement between the Company and Dr. Laurence Jay Korn dated August 21, 1986.
10.4*	Founder Stock Purchase Agreement between the Company and Dr. Cary Queen dated January 1, 1987.
10.5*	Lease Agreement between the Company and Charleston Properties, a California general partnership, dated December 22, 1989.
10.6*	Deferred Compensation Plan dated July 22, 1991.
10.7+	License Agreement between the Company and the National Technical Information Service effective as of October 31, 1988 (with certain confidential information deleted and marked by a box surrounding the deleted information).
10.8+	License Agreement between the Company and Hoffmann-La Roche Inc. effective January 31, 1989 (with certain confidential information deleted and marked by a box surrounding the deleted information).
10.9+	License Agreement between the Company and F. Hoffmann-La Roche & Co. effective January 31, 1989 (with certain confidential information deleted and marked by a box surrounding the deleted information).
10.10*	License Agreement between the Company and Medical Research Council of the United Kingdom dated July 1, 1989, as amended on January 30, 1990 (with certain confidential information deleted and marked by a box surrounding the deleted information).
10.11+	License Agreement between the Company and Sloan-Kettering Institute for Cancer Research dated November 30, 1989 (with certain confidential information deleted and marked by a box surrounding the deleted information).
10.12*	License and Option Agreement between the Company and The UAB Research Foundation dated December 31, 1989, (with certain confidential information deleted and marked by a box surrounding the deleted information).
10.13+	License Agreement between the Company and the Board of Trustees of the Leland Stanford Junior University effective July 1, 1990 (with certain confidential information deleted and marked by a box surrounding the deleted information).
10.14+	Software License Agreement among the Company, Molecular Applications

Group and Michael Levitt effective September 1, 1990 (with certain confidential information deleted and marked by a box surrounding the deleted information).

10.15+ Development and License Agreement between the Company and Sandoz Pharma, Ltd. effective December 1, 1990 (with certain confidential information deleted and marked by a box surrounding the deleted information).

10.16+ Development and License Agreement between the Company and Yamanouchi Pharmaceutical Company, Ltd. effective February 12, 1991, as amended on February 12, 1991 (with certain confidential information deleted and marked by a box surrounding the deleted information).

10.17* License Option Agreement between the Company and Hoffmann-La Roche Inc. effective February 1, 1991.

10.18* 1986 Stock Purchase Plan.

10.19* Forms of Stock Purchase Agreement under the 1986 Stock Purchase Plan.

10.20* Series A Stock Purchase Warrant issued to Mayfield V dated August 16, 1990.

10.21* Warrant Purchased Agreement between the Company and certain holders of Preferred Stock dated August 21, 1986.

10.22* Stock Purchase Agreement between the Company and certain holders of Preferred Stock and Common Stock dated August 21, 1986.

10.23* Amendment to Stock Purchase Agreement between the Company and certain holders of Preferred Stock and Common Stock dated February 2, 1987.

10.24* Amendment to Stock Purchase Agreement between the Company and certain holders of Preferred Stock and Common Stock dated March 16, 1989.

10.25* Stock Purchase Agreement between the Company and Hoffmann-La Roche Inc. dated March 16, 1989.

11.1* Statement regarding computation of per share earnings.

24.1* Consent of Ernst & Young, Independent Auditors. Reference is made to page II-5.

24.2* Consent of Ware & Freidenrich, A Professional Corporation. Reference is made to Exhibit 5.1.

25.1* Power of Attorney for Drs. Korn and Queen and Messrs. Gould and Saxe.

25.2* Power of Attorney for Dr. Falkow.

* Previously filed with the Registration Statement on Form S-1 for Protein Design Labs, Inc.
+ Extended confidential treatment has been granted with respect to portions of this Exhibit. Such portions have been omitted and filed separately with the Securities and Exchange Commission.

(b) Financial Statement Schedules

None.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mountain View, County of Santa Clara, State of California, on the 22nd day of May, 1998.

PROTEIN DESIGN LABS, INC.

/s/ Laurence Jay Korn

Laurence Jay Korn
Chief Executive Officer and
Chairperson of the Board of Directors
(Principal Executive Officer)

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Laurence Jay Korn Laurence Jay Korn	Chief Executive Officer and Chairperson of the Board of Directors (Principal Executive Officer)	May 22, 1998
/s/ Jon S. Saxe* Jon S. Saxe	President and Director (Principal Accounting Officer)	May 22, 1998
/s/ Cary L. Queen* Cary L. Queen	Director	May 22, 1998
/s/ Stanley Falkow* Stanley Falkow	Director	May 22, 1998
/s/ George M. Gould* George M. Gould	Director	May 22, 1998
Max Link	Director	
Jurgen Drews	Director	

* By: /s/ LAURENCE JAY KORN
Laurence Jay Korn
Attorney-in-Fact

EXHIBIT 10.7

CONFIDENTIAL TREATMENT REQUESTED
LICENSE AGREEMENT

This Agreement is entered into between the National Technical Information Services (NTIS), a primary operating unit of the United States Department of Commerce, having offices at 5285 Port Royal Road, Springfield, VA 22161, and Protein Design Labs, Incorporated (LICENSEE), a corporation, having offices in Palo Alto, California.

WHEREAS, the United States Department of Health and Human Services has sponsored research on malignancy and autoimmune disorders in humans and has received by assignment certain valuable patent rights thereon in the United States; and

WHEREAS, pursuant to 35 U.S.C. 207 and 37 C.F.R. 404 the Department of Health and Human Services has transferred custody of the entire right, title and interest in the patent rights to the Department of Commerce; and

WHEREAS, the Department of Commerce, pursuant to 35 U.S.C. 207 and 37 C.F.R. 404 is authorized to receive by transfer custody of the right, title and interest in federally owned inventions; to apply for, obtain and maintain patents on federally owned inventions in the United States and in foreign countries; to grant nonexclusive, partially exclusive or exclusive licenses under federally owned patents and patent applications; and to undertake all other suitable and necessary steps to protect and administer rights to federally owned inventions; and

WHEREAS, the Secretary of Commerce, through Department Organization Order 30-7A, has delegated to NTIS the authority of the Secretary to acquire federally owned inventions from other Federal agencies for the purpose of licensing the use of those inventions in the United States; and

WHEREAS, NTIS desires, in the public interest, that the subject invention be perfected, marketed and practiced so that the benefits are readily available for widest possible utilization in the shortest time possible; and

WHEREAS, LICENSEE has the facilities, personnel and expertise to bring, and is willing to expend reasonable efforts to bring the invention to the point of practical application at an early date.

NOW THEREFORE, in consideration of the foregoing, including the above-cited patent licensing regulations, NTIS and LICENSEE agree as set forth below.

ARTICLE I
Definitions

1.1 Licensed Patent(s) shall mean issued claims in U.S. Patent Application Serial Number 7-085,707 filed August 17, 1988 all divisions, continuations and continuations-in-part of such patent applications, where the making, using or selling in such continuations-in-part would be covered by a claim in such patent applications or their divisions and all patents issuing from such patent applications and all reissues, renewals and extensions of such patents.

1.2 Licensed Process shall mean a method of treating T-cell mediated disorders in humans encompassed within the scope of a claim in a Licensed Patent.

1.3 Net Sales shall mean the amount billed or invoiced on sales of any Product used in practicing the Licensed Process or, in the event of disposal of any Products other than as scrap prior to its shipment from its place of manufacture or pre-disposal storage or other than by sales, the amount billed or invoiced for a like quantity and quality of any such Product on or about the time of such disposal, less:

(a) flat nine percent (9%) representing customary trade, quantity or cash discounts and nonaffiliated brokers' or agents' commissions; actually allowed and taken;

(a) Amounts repaid or credited by reason of rejections or returns; and/or

(c) Any freight or other transportation costs, insurance charges, duties, tariffs and all sales and excise taxes based directly on sales or turnover or delivery of material produced under this Agreement.

Net Sales shall not include any product used in practicing the Licensed Process which is used for research or collaborative

research, clinical trials, donations for humanitarian purposes, or promotional allowances or other promotional purposes.

1.4 AFFILIATE shall mean any person, corporation, firm, partnership or other entity in which LICENSEE owns or controls at least fifty percent (50%) of the voting stock thereof.

1.5 Licensed Territory shall mean those countries listed in the attached Schedule and in which a Licensed Patent subsists, and any other countries in which a Licensed Patent may be filed in the future.

ARTICLE II
Grant

2.1 NTIS hereby grants to LICENSEE and any AFFILIATES of LICENSEE's choice, subject to the terms and conditions herein, a nonexclusive license under the Licensed Patent(s) to make, have made, use and sell Products used in practicing the Licensed Process and to practice the Licensed Process in the Licensed Territory for the term of this Agreement. LICENSEE shall notify NTIS of any AFFILIATE included under this Paragraph 2.1. LICENSEE may make, have made, use and sell products used in practicing the Licensed Process and to practice the Licensed Process in any country outside the Licensed Territory with no obligation to NTIS if such products are both made and sold outside the Licensed Territory; provided, however, that LICENSEE must bear all risks of third party claims against the Licensed Patent(s) in any area outside the Licensed Territory.

2.2 NTIS hereby grants to LICENSEE the right to grant sublicenses no greater in scope than the license granted in Paragraph 2.1 above to nonaffiliated companies subject to the provisions of this Agreement and to the submission to and approval by NTIS of the proposed sublicense, which approval shall not be unreasonably withheld. Each sublicense shall make reference to this Agreement and a copy of such sublicense shall be furnished to NTIS promptly after its execution.

2.3 NTIS hereby grants to LICENSEE and its included AFFILIATES and sublicensees the right to extend to their customers of Products used in practicing the Licensed Process on which a maintenance and royalty fee has been or will be paid the right to use such Products.

ARTICLE III
Royalties and Payments

3.1 Within thirty (30) days after the execution date of this Agreement by NTIS, LICENSEE shall pay to NTIS an execution fee of [ ], no part of which shall be refunded for any reason.

3.2 (a) LICENSEE shall also pay to NTIS an annual maintenance fee of [ ], no part of which shall be refunded for any reason. The first annual maintenance fee payment which shall be paid at the time of making the payment required in Paragraph 3.1 above, shall be prorated for the balance of the calendar year remaining after the effective date of this Agreement. Subsequent annual maintenance fees shall accrue on January 1 of each year and shall be payable within sixty (60) days thereafter during the term of this Agreement. Should the ordinary and usual costs to NTIS of maintaining any Licensed Patent(s) exceed in any year the total annual maintenance fee received from all licensees under such Licensed Patent(s), NTIS may request each licensee to increase its minimum annual fee for the following year by an amount proportionate to the number of licensees, the sum of which amounts equals such excess costs. Should LICENSEE fail to include such increased amount in its annual maintenance fee when due, NTIS may at its option, terminate LICENSEE's license as to such Licensed Patents in accordance with the provisions of Paragraph 8.2 hereof. The annual maintenance fee paid by LICENSEE for any given year shall be a credit against any administration and royalty fee accrued for such year in accordance with Paragraph 3.3 below. The administration and royalty accrued in any one calendar year shall not be credited against the annual maintenance fee paid or to be paid in any other year.

(b) Before any commitment to expend substantial funds for an extraordinary and unusual procedure for obtaining or maintaining any Licensed Patent(s), including but not limited to interference, reexamination, term-extension or reissue but not including infringement or counterclaims thereto, NTIS shall notify LICENSEE of such extraordinary and unusual procedure and the estimated cost thereof and request LICENSEE to assume responsibility for a proportionate share of such cost, i.e., the cost divided by the number of licensees under the

CONFIDENTIAL TREATMENT REQUESTED

Licensed Patents. Should LICENSEE decline to assume such responsibility, NTIS may terminate LICENSEE's license for the country in the

Licensed Territory in which such cost would have been incurred under such Licensed Patent(s) in accordance with the provisions of Paragraph 8.2 hereof.

3.3 LICENSEE shall pay NTIS an administration and royalty fee on the Net Sales of LICENSEE (or its included AFFILIATES or sublicensees) of [ ], if the entire anti-Tac monoclonal antibody, as described in U.S. Patent Application Serial Number 7-085,707 filed August 17, 1987 (the "Antibody"), is included in the product used in practicing the Licensed Process by Licensee, its included AFFILIATES or sublicensees. In the event that the licensed Antibody or portion of it is sold as part of another protein or combination package containing antibodies or other reagents and if, as such part, the Antibody or a portion of it does not have a separate invoiced selling price, then for the purpose of computing royalties, the Net Sales Price of the Product used in practicing the licensed process shall be the net selling price of the entire protein multiplied by the ratio of the manufacturing cost of the antibody or portion of it to the manufacturing cost of the entire protein. This ratio shall be a fraction, the numerator of which shall be obtained by counting the number of Amino Acids comprising the complementary determining regions [as defined in E. Kabat et. al., Sequences of Proteins of Immological interest 45,121 (1983)], of the Antibody and the denominator of which shall be the total number of Amino Acids comprising the entire protein.

3.4 [ ] royalty fee shall be payable hereunder for direct sales of Products used in practicing the Licensed Process by LICENSEE or its included AFFILIATES and sublicensees to the Government of the United States of America or on any such Product scrapped prior to shipment from its place of manufacture.

3.5 LICENSEE agrees to submit to NTIS within sixty (60) days after each calendar half year ending June 30th and December 31st, reports setting forth for the preceding six (6) month period the amount of Products used in practicing the Licensed Process made, used, sold or otherwise disposed of (except scrap as previously provided) by LICENSEE and its included AFFILIATES and sublicensees in the Licensed Territory, the Net Sales thereof separated as to Net Sales within the Licensed Territory and those of such Products made within the Licensed Territory but sold elsewhere and the amount of royalty fee due thereon, and with each such report LICENSEE agrees to pay the amount of such fee due. If no such fee is due to NTIS for any report period, the written report shall so state.

3.6 All payments due NTIS under this Article III shall be payable in United States dollars for the account of "NTIS/Patent Licensing." All checks and bank drafts shall be drawn on United States banks. If payments are overdue, late charges will be applied as required by the Department of Treasury (Treasury Fiscal Requirements Manual, Section 8020.20). Conversion of foreign currency to United States dollars shall be made at the conversion rate existing in the United States on the last business day of the applicable reporting period for the purchase of United States dollar bank wire transfers for settlement of such payment obligations. Any and all loss of exchange, value, taxes or other expenses incurred in the transfer or conversion of other currency to United States dollars shall be paid entirely by LICENSEE.

3.7 LICENSEE and/or its included AFFILIATES and/or sublicensees shall pay all necessary expenses for its commercialization of Products used in practicing the Licensed Process and such expenses shall not be deducted from any payments due NTIS as provided herein.

3.8 Except as provided in Paragraph 1.3(c), any tax on any payment due NTIS under this ARTICLE III in any country in which such payment accrued shall be paid by LICENSEE without deduction from the amount owned to NTIS.

ARTICLE IV
Markings

LICENSEE, its included AFFILIATES and sublicensees may, at their sole option and in conformity with applicable statutes, identify Licensed Products with the marking "Licensed Under U.S. Patent or "U.S. Patent Pending."" The name of the Government employee inventor(s), the name of any agency or department of the United States Government, or any adaptation of the above shall not be used in any promotional activity without prior written approval from NTIS.

ARTICLE V
Reports and Records

5.1 LICENSEE shall provide written annual reports within sixty (60) days of the end of each calendar year detailing progress being made to bring the invention licensed hereunder to practical application. No further annual progress reports will be required after notification of the first commercial sale of Licensed Products unless otherwise requested by NTIS.

5.2 LICENSEE and its included AFFILIATES shall keep and shall cause

their sublicensees to keep accurate and complete records of Products used in practicing the Licensed Process made, used, sold or otherwise disposed of (except scrap as previously provided), and such products used solely for research under this Agreement in the Licensed Territory, appropriate to determine the amount of the administration and royalty fee due hereunder. Such records shall be retained for at least two (2) years following a given reporting period and, upon reasonable notice, shall be available during normal business hours for inspection at the expense of NTIS by an accountant selected by NTIS and approved by LICENSEE for the sole purpose of verifying reports and payments hereunder. Such accountant shall not disclose to NTIS any information other than information relating to the accuracy of reports and payments made under this Agreement.

ARTICLE VI
Patent Enforcement

6.1 LICENSEE shall notify NTIS promptly in writing of any infringement of a Licensed Patent which becomes known to LICENSEE. If NTIS determines that a substantial infringement exists, NTIS shall communicate such determination to LICENSEE in writing and take prompt action to attempt to eliminate that substantial infringement. LICENSEE shall cooperate with NTIS in determining if substantial infringement exists and, if so, in attempting to eliminate that substantial infringement.

6.2 If NTIS receives LICENSEE's infringement notice under the provisions of paragraph 6.1 above and within a reasonable time following the date of such notice, NTIS is unsuccessful in eliminating the infringement which it has determined is substantial, NTIS agrees to recommend to the appropriate United States Government authorities that an infringement action based on such infringed Licensed Patent be initiated. LICENSEE shall, at NTIS' request, cooperate in every respect in the preparation and prosecuting of such action including making available to NTIS records, information, evidence, and testimony by employees of LICENSEE relevant to the substantial infringement of the Licensed Patent.

6.3 If, after twelve (12) months from the date of LICENSEE's notice of an infringement under the provisions of Paragraph 6.1 above, which infringement NTIS has determined constitutes a substantial infringement of a Licensed Patent and NTIS has not eliminated such substantial infringement and the United States Government has not initiated an infringement suit, LICENSEE shall be excused from payment of the royalty fee due hereunder resulting from sales or other dispositions of Licensed Products. When the substantial infringement has been eliminated or an infringement suit has been initiated, NTIS shall notify LICENSEE in writing of either of such event and LICENSEE's obligation to pay the annual maintenance and royalty fee shall resume as of the date that the infringement is eliminated or such infringement suit is initiated.

ARTICLE VII
Licensee Performance

7.1 LICENSEE shall expend reasonable efforts and resources to carry out the development and marketing plan submitted with LICENSEE's application for a license and to bring Products used in practicing the Licensed Process to the point of practical application (as defined at 37 C.F.R. 404.3(d)) within four years of the effective date of this Agreement, unless this period is extended by mutual agreement of the parties. NTIS shall not unreasonably withhold approval of any request of LICENSEE to extend this period, if such request is supported by a reasonable showing by LICENSEE of due diligence toward bringing such Products to the point of practical application. "Due diligence" shall include any reasonable and diligent application for approval required by any Government agency within the United States.

7.2 After bringing Products used in practicing the Licensed Process to the point of practical application in the Licensed Territory, LICENSEE agrees to keep Licensed Products reasonably available to the public in the Licensed Territory during the term of this Agreement.

7.3 LICENSEE agrees that Products used in practicing the Licensed Process sold or otherwise disposed of in the United States by LICENSEE, its included AFFILIATES and the sublicensees will be manufactured substantially in the United States.

7.4 Failure to comply with the terms of this Article VII shall be cause for modification or termination of this Agreement in accordance with the provisions of Article VIII below.

ARTICLE VIII
Modification and Termination

8.1 This Agreement may be modified or terminated by NTIS subject to the provisions of Paragraphs 8.2 and 10.4 below, if it is determined that:

(a) LICENSEE, or any of its included AFFILIATES or any of its sublicensees fail to meet the obligations set forth in Article VII above;
(b) Such action is necessary to meet requirements for public use specified by Federal regulations issued after the date of the license and such requirements are not reasonably satisfied by the LICENSEE, its included AFFILIATES or its sublicensees;
(c) LICENSEE has willfully made a false statement of or willfully omitted a material fact in the license application or in any report required by this Agreement;
(d) LICENSEE, or any of its included AFFIALIATES or any of its sublicensees commit a substantial breach of a covenant or agreement contained in this Agreement;
(e) LICENSEE is adjudged a bankrupt or has its assets placed in the hands of a receiver or makes any assignment or other accommodation for the benefit of creditors; or
(f) LICENSEE, or any of its included AFFILIATES or any of its sublicensees misuse any Licensed Patent.

8.2 Prior to any modification or termination of this Agreement NTIS shall furnish LICENSEE and any sublicensee of record a written notice of intention to modify or terminate, and the LICENSEE and any notified sublicensee shall be allowed thirty (30) days after the date on such notice to remedy any breach or default of any covenant or agreement of this Agreement or to show cause why this Agreement should not be modified or terminated.

8.3 LICENSEE may terminate this Agreement at any time as to any or all Licensed Patents upon ninety (90) days written notice to NTIS.

8.4 Upon termination of this Agreement, sums due to NTIS from LICENSEE in respect of the Licensed Patent(s) included in such termination shall become immediately payable. In all other respects, the rights and obligations of the parties hereto concerning the Licensed Patent(s) included in such termination shall cease as of the effective date of such termination.

8.5 In the event of termination of this Agreement, any sublicense of record granted pursuant to Paragraph 2.2 may, at sublicensee's option, be converted to a license directly between sublicensee and NTIS.

ARTICLE IX
Duration

This Agreement, unless sooner terminated as provided herein, shall remain in effect until the expiration of the last-to-expire Licensed Patent.

ARTICLE X
General

10.1 NTIS represents and warrants that the entire right, title and interest in the Licensed Patent(s) has been assigned to the United States of America as represented by the Secretary of Commerce and that NTIS has the authority to issue licenses under the Licensed Patent(s). NTIS does not warrant the patentability or validity of the Licensed Patent(s) and makes no representations whatsoever with regard to the scope of the Licensed Patent(s) or that such Licensed Patent(s) may be exploited without infringing other patents.

10.2 This Agreement shall not be transferred or assigned by LICENSEE to any party other than to a successor or assignee of the entire business interest of LICENSEE relating to Licensed Products.

10.3 NTIS shall notify LICENSEE of any subsequent agreement containing more favorable terms and conditions which may hereafter be granted by NTIS to any other party under the Licensed Patents; and LICENSEE, if it is in a position to do so, may substitute any or all the terms and conditions of such other agreement for the terms and conditions of this Agreement.

10.4 The parties shall make every reasonable effort to resolve amicably any dispute concerning a question of fact arising under this Agreement. Any disputes not settled amicably between the parties concerning a question of fact arising under this Agreement shall be decided by the Director, NTIS, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to LICENSEE. The decision of the Director, NTIS, to modify or terminate this Agreement shall be final and conclusive unless LICENSEE mails or otherwise furnishes to the Director, NTIS, a written appeal under the Appeal Procedures of 15 C.F.R. Part 17, Subpart C. Pending final decision of a dispute hereunder, LICENSEE shall proceed diligently with the performance of its obligations under this Agreement.

10.5 The interpretation and application of the provisions of this Agreement shall be governed by the laws of the United States as interpreted and applied by the Federal courts in the District of Columbia.

10.6 Written notices required to be given under this Agreement shall be considered duly given if mailed by first class mail, postage prepaid and addressed as follows:

If to NTIS: Director, Office of Federal Patent Licensing
National Technical Information Service
United States Department of Commerce
5285 Port Royal Road
Springfield, VA 22161

If to LICENSEE: Protein Design Labs, Inc.
3181 Porter Drive
Palo Alto, CA 94304

or such other address as either party may request in writing.

10.7 This Agreement constitutes the entire understanding and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof or information relating thereto except for any non-disclosure agreement relating to the claims of the Licensed Patent(s) which non-disclosure agreement, if any, is incorporated herein by reference, and neither party shall be obligated by any condition, promise or representation other than those expressly stated herein or as may be subsequently agreed to by the parties hereto in writing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.
The Effective Date of this Agreement is October 31, 1988.

Witness:	National Technical Information Service
/s/ P. Divanain	/s/Joseph F. Caponio
- ----------	----------
	JOSEPH F. CAPONIO
	Director
October 12, 1988	October 12, 1988
- ----------	----------
Date	Date

Protein Design Labs, Inc.

Witness:	
/s/ Cary Queen	/s/Laurence Jay Korn
- ----------	----------
	(By)
	President

	(Title)
10/6/88	6/10/88
- ----------	----------
Date	Date

SCHEDULE OF LICENSED PATENTS

Country	Patent Application No.	Date Filed	Patent Number	Grant Date
United States	7-085,707	8/17/88		
Canada		8/17/88		
PCT				
Japan				
EPO via PCT				
Austria				
Belgium				
Switzerland				
West Germany				
France				
United Kingdom				
Italy				
The Netherlands				
Luxembourg				
Sweden				

EXHIBIT 10.8

CONFIDENTIAL TREATMENT REQUESTED

AGREEMENT

This Agreement is entered into as of January 31, 1989 ("Effective Date"), by and between HOFFMANN-LA ROCHE INC., a New Jersey corporation having offices at 340 Kingsland Street, Nutley, New Jersey 07110 ("Roche") and PROTEIN DESIGN LABS, INC., a Delaware corporation having offices at 3181 Porter Drive, Palo Alto, California 94304 ("PDL").

WITNESSETH

WHEREAS, PDL has developed a body of technology relating to humanizing antibodies and, in particular, to humanized antibodies against the interleukin-2 receptor ("IL-2R");

WHEREAS, Roche has an active research and development program in human immunology and desires to obtain rights in and to PDL's proprietary technology with respect to these humanized antibodies;

WHEREAS, Roche has proven experience in the development, clinical research, registration, manufacturing and marketing of pharmaceutical products;

WHEREAS, PDL and Roche have agreed on understandings which will govern a scientific collaboration, clinical development program and subsequent commercialization on a sole and exclusive basis by Roche set forth in part in a Letter of Intent dated January 5, 1989; and

WHEREAS, PDL and Roche now desire that such understandings be embodied in a full text, binding agreement;

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants set forth below, PDL and Roche mutually agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, the following terms, when written with an initial capital letter, shall have the meaning ascribed to them below.

1.01 "Affiliate" means any corporation or other business entity controlled by, controlling, or under common control with another entity, with "control" meaning direct or indirect beneficial ownership of more than fifty percent (50%) of the voting stock of, or more than a fifty percent (50%) interest in the income of, such corporation or other business entity.

1.02 "Combination Product" means any product containing both an ingredient which causes it to be considered a Licensed Product and one or more other therapeutically active ingredients.

1.03 "FDA" shall mean the United States Food and Drug Administration.

1.04 "Field" means any humanized or chimeric antibody which binds to IL-2R, where "humanized" means a genetically engineered combination of a substantially human framework region and constant region, and complementarity determining regions from non-human antibodies, and where "chimeric" means a genetically engineered combination of a human constant region and non-human variable region. "Antibodies in the Field" means humanized and chimeric antibodies which bind to the IL-2R. It is believed that these Antibodies in the Field may be useful for therapeutic, diagnostic, imaging and similar purposes. It is understood that the Field includes, but is not limited to, that certain humanized murine monoclonal antibody prepared against the p55 component of the IL-2R ("humanized anti-Tac"). Furthermore, the Field includes, but is not limited to, all improvements relating to humanized anti-Tac including without limitation modifications in a structure introduced by genetic engineering, or by chemical or enzymatic cleavage. Also included within the Field shall be alternate hosts for producing humanized anti-Tac, methods for purification, formulations incorporating humanized anti-Tac, and uses and methods of use for humanized anti-Tac in human medicine.

1.05 "Initial Commercialization" means the end of the calendar month containing the date following FDA approval of the Product License Application filed for a Licensed Product for human therapeutic use for prevention of kidney transplant rejection or a major disease (within the meaning of Milestone #2 in Section 3.02 hereof) on which Roche, its Affiliates or sublicensees first sell such a product to an independent third party not an Affiliate of the seller in the Territory.

1.06 "Joint Inventions" means any inventions in the Field, whether patented or not, which are jointly made during the period beginning on the Effective Date and ending one year after termination of the Research Program by at least one PDL employee or person contractually required to assign or license patent rights covering such inventions to PDL and at least one Roche or F. Roche (as defined in Section 1.13) employee or person contractually required to assign or license patent rights covering such inventions to Roche or F. Roche.

1.07 "Licensed Product" means any product in the Field, including any Combination Product, the making, use or sale of which utilizes PDL Know-How, PDL Patents or Joint Inventions or would, in the absence of this Agreement, infringe a Valid Claim.

1.08 "Net Sales" means the gross invoice price ("GIP") of all Licensed Products sold or otherwise disposed of for consideration by Roche, its Affiliates or sublicensees to independent third parties not an Affiliate of the seller after deducting, if not already deducted, from the amount invoiced:

(a) the amounts actually allowed as volume or quantity discounts, rebates, price reductions, returns (including withdrawals and recalls); and

(b) sales, excise and turnover taxes imposed directly upon and actually paid by Roche, its Affiliates or sublicensees.

In addition, there shall be deducted, to the extent not already deducted from the amount invoiced, an amount equal to eight percent (8%) of the GIP to cover all other expenses or discounts, including but not limited to cash discounts, custom duties, transportation and insurance charges and other direct expenses.

In the case of Combination Products for which the Licensed Product and each of the other therapeutically active ingredients contained in the Combination Product have established market price when sold separately, Net Sales shall be determined by multiplying the Net Sales for each such Combination Product by a fraction, the numerator of which shall be the established market price for the Licensed Product(s) contained in the Combination Product, and the denominator of which shall be the sum of the established market prices for the Licensed Product(s) plus the other active ingredients contained in the Combination Product. When such separate market prices are not established, then the parties shall negotiate in good faith to determine the method of calculating Net Sales for Combination Products.

If Roche or its Affiliates or sublicensees receive non-cash consideration for any Licensed Product sold or otherwise transferred to an independent third party not an Affiliate of the seller or transferor, the fair market value of such non-cash consideration on the date of the transfer as known to Roche, or as reasonably estimated by Roche if unknown, shall be included in the definition of Net Sales.

1.09 "PDL Know-How" means, except as otherwise set forth in this Section 1.09, all inventions, discoveries, trade secrets, information, experience, data, formulas, procedures and results in the Field, and improvements thereon, including any information regarding the structure, sequence and characterization of Antibodies in the Field, methods of making and the characterization of cell lines producing Antibodies in the Field, and methods of achieving high levels of expression of Antibodies in the Field, which are rightfully held by PDL as of the Effective Date, or which are developed or acquired by PDL during the period beginning on the Effective Date and ending one year after termination of the Research Program, and which Know-How is needed for registration, manufacturing, using or selling products in the Field; provided, however, that PDL Know-How excludes any Know-How of any kind concerning generic methods of designing, developing or preparing antibodies including, but not limited to, methods of humanizing antibodies, methods of reducing the immunogenicity of antibodies, and methods of increasing the affinity of antibodies.

1.10 "PDL Patent" means all patent applications owned or controlled by PDL ("Sole PDL Patents") and all patent applications resulting from Joint Inventions ("Joint Roche-PDL Patents") containing claims in the Field, which are filed prior to or during the term of this Agreement in the United States or any foreign jurisdiction, including any addition, continuation, continuation-in-part or division thereof or any substitute application therefor; any patent issued with respect to such patent application, any reissue, extension or patent term extension of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent; and any other United States and foreign patent or inventor's certificate covering claims in the Field.

1.11 "Research Program" means the collaborative scientific research program between PDL and Roche described more fully in Article VI hereof.

1.12 "Roche Inventions" means any inventions in the Field which are made during the term of this Agreement by employees of Roche of persons contractually required to assign or license patent rights covering such inventions to Roche.

1.13 "Territory" means the United States of America and its territories and possessions where the patent laws of the United States are in force. It is understood that PDL and Roche's parent company, F. Hoffmann-La Roche & Co. Limited Company of Basle, Switzerland ("F. Roche"), are contemporaneously entering into a separate license agreement (the "F. Roche Agreement") for all countries of the world outside the Territory.

1.14 "Valid Claim" means a claim in any issued patent within the PDL Patents which has not been disclaimed or held unenforceable or invalid by a decision of a court or governmental agency of competent jurisdiction by a decision beyond right of review.

CONFIDENTIAL TREATMENT REQUESTED

II. LICENSE GRANT

2.01 License Grant. PDL grants to Roche and to Roche's Affiliates the sole and exclusive right to the PDL Know-How and the PDL Patents, but only to the extent necessary to make, have made, use and sell Licensed Products in the Field within the Territory. For so long as Roche is in compliance with its obligations under Section 7.01 hereof, Roche may sublicense the right to make, have made, use and sell Licensed Products in the Field within the Territory, but no other rights may be sublicensed. Any such sublicense shall be subject to the Section 4.05 hereof, and shall terminate automatically if Roche or F. Roche shall not have remedied or initiated steps to remedy a breach of Section 7.01 hereof or Section 5.01 of the F. Roche Agreement, respectively, in a manner reasonably satisfactory to PDL within sixty (60) days after receipt by Roche of notice of such breach from PDL.

2.02 Identification of Patents. Set forth on Appendix A is a list identifying patents or patent applications which comprise Sole PDL Patents. PDL shall update this list by delivering a supplement to Roche no less frequently than once per year during the term of this Agreement.

III. MILESTONES AND PAYMENTS

3.01 Kidney Transplant Indication.

(a) Roche agrees to pay PDL each of the Milestone Payments specified below upon the occurrence of certain events, immediately with respect to Milestone #1 and within thirty (30) days with respect to all other Milestones, in accordance with the schedule set forth below:

Milestone #		Payment $(M)
#1	Full execution and deliver of the Agreements and delivery of a cell line producing the humanized anti-Tac antibody by PDL to Roche.	[ ]
#2	Delivery of a cell line producing an Antibody in the Field at greater than or equal to [ ] ug/ml. Determination of yield shall be made for production at Roche's facility under scale-up conditions, using media to be mutually agreed upon. A [ ] shall be paid for each 1 ug/ml greater than [ ] ug/ml, with maximum total bonus payments of [ ]. Any bonus payments shall be made upon making yield determinations at both six months and twelve months from the Effective Date.	[ ] (plus maximum bonus of [ ])
#3	Demonstration of reduced [ ] in monkey test for Antibody in the Field compared to the murine anti-Tac antibody.	[ ]
#4	[ ]	[ ]
#5	Initial demonstration in human clinical trials that an Antibody in the Field can be safely administered in multiple dose protocol.	[ ]
#6	Initiation of efficacy studies for an Antibody in the Field for [ ] indication.	[ ]

#7	Filing of U.S. Product License Application ("PLA") with the FDA.	[ ] [ ]

(b) If any Milestone is not achieved (excluding those events which trigger a bonus payment under Milestone #2) but Roche elects to proceed to the next Milestone, payment for the Milestone not achieved shall be made to PDL at the time of payment for such next Milestone.

(c) Once the foregoing Milestone Payments have been paid for kidney transplant rejection indication, no further Milestone Payments are due for any other transplant rejection indications.

3.02 Additional Major Non-Transplant Indications.

Subject to Section 3.01(c), Roche agrees to pay PDL the Milestone Payments specified below within thirty (30) days of the occurrence of (or, if achieved by PDL, receipt by Roche of notice of) certain events in accordance with the schedule set forth below:

Milestone #		Payment $(M)
#1	IND application opened in the United States for an Antibody in the Field for a major disease (as defined below). a. If filed by Roche. b. If filed by PDL and Roche conducts further new drug approval testing.	 [ ] [ ]
#2	Roche initiates [ ] for establishing safety and efficacy of an Antibody in the Field for a major disease such as, for example, Type One diabetes, rheumatoid arthritis, SLE, multiple sclerosis, ankylosing spondylitis, inflammatory bowel disease or any disease where drugs for treating such a disease would not be classified as orphan drugs under then applicable U.S. law.	[ ]

3.03 Cap on Milestone Payments. There shall be a cap on total Milestone Payments made by Roche to PDL pursuant to Sections 3.01 and 3.02 hereof, excluding any bonus payments, of Fifteen Million Dollars ($15,000,000). If Roche initiates a pivotal study(ies) in the United States for a second major disease indication pursuant to Milestone #2 of Section 3.02 and has not previously paid PDL a total of Fifteen Million Dollars (15,000,000) in Milestone Payments under Sections 3.01 and/or 3.02 at the time such studies are initiated, then at that time Roche shall pay to PDL the difference between Fifteen Million Dollars ($15,000,000) and the total amount of Milestone Payments already made to PDL excluding any bonus payments. If Roche conducts clinical trials for a major disease indication and such trials proceed faster than clinical trials for the kidney transplant indication (or if the kidney transplant indication trials are stopped) then the Milestone Schedule and Payments set forth in Section 3.01 are to be applied to such other major disease indication in lieu of the Milestone Schedule and Payments in Section 3.02 if the remaining Milestone Payments to be made under Section 3.01 are greater than [ ].

3.04 Additional Indications Pursued by PDL. PDL reserves the right to conduct clinical trails and otherwise pursue the FDA product license approval process for Antibodies in the Field for uses other than kidney transplant indication ("Additional Testing"); provided, however, that if PDL undertakes Additional Testing, it shall use, and Roche hereby agrees to supply and license to PDL at no cost to PDL for this purpose, Antibodies in the Field manufactured by Roche; and provided further, that PDL shall regularly consult with and inform Roche concerning the Additional Testing and that PDL must obtain the prior written consent of Roche to the clinical protocols proposed by PDL, which consent shall not be unreasonably withheld.

IV. ROYALTIES

4.01 Roche agrees to pay PDL royalties for sales of Licensed Products and Combination Products according to the schedule and terms set forth below.

(a) Years 1 through 3. For the first three (3) years following Initial Commercialization of a particular Licensed Product, Roche shall pay PDL royalties on the aggregate annual worldwide Net Sales of all Licensed Products as follows:

Net Sales ($ in millions)	Royalty Rate
Up to and including [ ]	[ ]
Amount in excess of [ ] but not exceeding [ ]	[ ]

Over [ ] [ ]

For purposes of computing aggregate annual worldwide Net Sales, Roche's Net Sales in the Territory will be combined with the Net Sales of F. Roche for all countries of the world outside of the Territory. This same understanding is being incorporated into the agreement between PDL and F. Roche concerning the sale of Licensed Products outside the Territory.

(b) Years 4 and Succeeding. If a Valid Claim covering any Licensed Product has been issued in the Territory prior to or during the three (3) year period following Initial Commercialization, Roche shall pay PDL royalties in accordance with the provisions of Section 4.01(a). subject to Section 4.02 below, if no such Valid Claim has been issued then Roche shall pay PDL a royalty rate of [ ] of the Net Sales in the Territory. In such case, Roche's obligation to pay PDL royalties with respect to any particular Licensed Product shall terminate on the tenth anniversary of Initial Commercialization of such Licensed Product unless prior to that time such Valid Claim has been issued in the Territory, at which time Roche shall resume paying PDL royalties at the rates specified in Section 4.01(a) above.

(c) Expiration After Year [ ]. If there are no Valid Claims, Roche's obligation to pay royalties to PDL hereunder shall expire with respect to any particular Licensed Product on the [ ] anniversary of the Initial Commercialization of such Licensed Product in the Territory.

(d) Antibodies in the Field Not Provided or Developed by PDL. In consideration of the disclosure to Roche of PDL Know-How and cell lines as provided for herein, Roche agrees that products incorporating or using Antibodies in the Field which are not provided or developed by PDL shall nevertheless be conclusively presumed to utilize PDL Know-How. Accordingly, Roche shall pay PDL royalties on sales of each such product in the Territory for a period of [ ] years from Initial

Commercialization of such product in accordance with the terms of this Section 4.01, and such sales shall constitute "Net Sales" for purposes hereof.

4.02 De Facto Exclusivity. For purposes of this Article IV, the term "de facto exclusivity" means that Roche, together with its Affiliates and sublicensees, controls at least [ ] of the market for a particular Licensed Product in the Territory as measured by unit sales. If no Valid Claim has been issued in the Territory and Roche does not enjoy de facto exclusivity for a Licensed Product at any time after [ ] years following Initial Commercialization, then Roche shall pay PDL a royalty rate of [ ] of the Net Sales in the Territory of that product until the [ ] anniversary of Initial Commercialization, or until Roche shall acquire de facto exclusivity for that product or until such time as a Valid Claim issues in the Territory (at which time Roche shall resume paying PDL royalties at the rates specified in Sections 4.01(a) or (b) above, whichever is applicable).

4.03 Milestone Payments Credited Against Royalties. Roche shall have the right to credit [ ] of all Milestone Payments, exclusive of bonus payments, actually made to PDL in excess of [ ] against future royalties due to PDL pursuant to this Article IV provided that such credits, when added to the offset provided for in Section 4.04 below, may not reduce the royalties to be paid to PDL to less than fifty percent (50%) of the amount which would otherwise be due pursuant to Section 4.01 hereof.

4.04 Offset for Third Party Licenses.

(a) If PDL and Roche agree in writing that either party must obtain a license from an independent third party in order for Roche to manufacture, use or sell a Licensed Product or for PDL to fulfill its obligations under the Research Program and if PDL and Roche agree upon the terms of such license ("Third Party License"), then the parties shall [ ] the cost of that license [ ]. Such cost includes license fees and any other fixed costs associated with the Third Party License as well as any royalties. The parties then shall, within thirty (30) days, reimburse each other in the manner necessary to effect a [ ] of such license fees and other fixed costs. Both parties hereby acknowledge that PDL has obtained a required license from the National Technical Information Service ("NTIS") to use the anti-Tac antibody prepared against the IL-2R in order to carry out the activities anticipated by this Agreement, and that Roche will reimburse PDL within thirty (30) days of the Effective Date so that the license fees and other fixed costs of the NTIS license will have been [ ].

(b) PDL's share of the royalties portion of the cost of any Third Party License, including the aforementioned license from NTIS, shall be (i) accrued against and deducted from any royalties due to PDL from Roche pursuant to Sections 4.01 and 4.02 if Roche pays the royalties due under the Third Party License to such third party, and (ii) accrued in favor

of and added to any royalties due to PDL from Roche pursuant to Sections 4.01 and 4.02 if PDL pays the royalties due under the Third Party License to such third party; provided, however, that this addition or offset shall not cause PDL's royalties to be reduced under the schedule set forth in Section 4.01 to less than [ ] of Net Sales in any year, or under Sections 4.01(b) and 4.02 to less than [ ] if Roche has de facto exclusivity and [ ] if Roche does not have de facto exclusivity, and provided further, that Roche's total royalty obligations to PDL under Sections 4.01 and 4.02 when added to those royalties payable to third parties pursuant to Third Party Licenses shall not exceed [ ] of Net Sales in any year.

4.05 Sublicenses. Any Net Sales of a Roche sublicensee shall be treated as Net Sales of Roche for purposes of royalty payments hereunder. If Roche shall grant any sublicenses under this Agreement, then Roche shall obtain the written commitment of such sublicensees to abide by all applicable terms and conditions of this Agreement and Roche shall remain responsible to PDL for the performance of any and all terms by such sublicensee. All such sublicenses shall terminate on termination of this Agreement.

4.06 Royalties upon Termination. If this Agreement is terminated pursuant to Sections 11.02, 11.03, or 11.04 below, Roche shall continue to pay PDL any royalties earned pursuant to this Article IV prior to the date of termination and any royalties earned thereafter as a result of sales under Section 11.05.

V. ACCOUNTING AND PAYMENTS

5.01 Quarterly Royalty Payments and Reports. Roche agrees to make royalty payments and written reports to PDL within forty-five (45) days after the end of each calendar quarter covering all sales of Licensed Products by Roche, its Affiliates or sublicensees for which invoices were sent during such calendar quarter. Each report shall state:

(a) for Licensed Products disposed of by sale, the quantity, description, Net Sales, GIP and the deductions pursuant to Section 1.08 by which such GIP is reduced to Net Sales,

(b) for Licensed Products disposed of other than by sale, the quantity, description, and nature of the disposition, and

(c) the calculation of royalties due to PDL for such quarter pursuant to Section 1.08 and Article IV hereof.

The information contained in each in each such report shall be considered confidential and PDL agrees not to disclose such information to any third party except as may be required by law, or to PDL's shareholders during such time as PDL is a privately-held company pursuant to any contract among PDL and such shareholders. Every other quarterly report shall reconcile aggregate annual Net Sales attributable to Roche with aggregate annual worldwide Net Sales attributable to F. Roche. Concurrent with the making of each quarterly report, Roche shall include payment due PDL of royalties for the calendar quarter covered by such report.

It is understood that pursuant to this provision, only one royalty shall be payable on a given unit of Licensed Produce disposed of under this Agreement. In the case of transfers or sales of any Licensed Product between Roche, F. Roche or an Affiliate or sublicensee of Roche or F. Roche, only one royalty payment shall be due, and such royalty shall be payable with respect to the sale of such Licensed Product to an independent third party not an Affiliate of the seller.

5.02 Termination Report. Roche also agrees to make a written report to PDL within ninety (90) days after the date on which Roche, F. Roche or their Affiliates or sublicensees last sell a Licensed

Product, stating in such report the same information called for in each quarterly report by Section 5.01 for all Licensed Products and Combination Products made, sold or otherwise disposed of and upon which were not previously reported to PDL.

5.03 Accounting. Roche agrees to keep full, clear and accurate records for a period of at least three (3) years, or such longer period as may coincide with Roche's internal records retention policy, setting forth the manufacturing, sales and other disposition of Licensed Products and Combination Products sold or otherwise disposed of under the license herein granted in sufficient detail to enable

royalties payable to PDL hereunder to be determined. Roche further agrees to permit its books and records to be examined by an independent accounting firm selected by PDL from time to time to the extent necessary to verify reports provided for in Sections 5.01 and 5.02 above. Unless PDL obtains the prior written consent of Roche, such accounting firms must be selected from among

those firms commonly referred to as the "Big Eight" firms in the Territory. Such examination is to be made at the expense of PDL, except in the event that the results of the audit reveal a discrepancy in favor of Roche of 10% or more over the period being audited, in which case reasonable audit fees for such examination shall be paid by Roche.

5.04 Methods of Payments. All payments due to PDL hereunder, plus any payments due under Articles III and VI, shall be paid in United States dollars by wire transfer to a bank in the United States designated in writing by PDL.

VI. RESEARCH PROGRAM

6.01 Term. The Research Program shall have an initial term of two (2) years from the Effective Date. It may be extended on a year-to-year basis at Roche's option, with the areas of scientific research to be mutually agreed upon. The level of quarterly financial support contributed by Roche pursuant to Section 6.04 and the numbers of scientific personnel contributed by PDL pursuant to Section 6.02 shall remain unchanged by any such extension. If Roche desires not to extend the Research Program beyond its initial term or any subsequent term, it shall so notify PDL in writing at least six (6) months prior to the expiration of such term.

6.02 PDL Contributions. PDL agrees to provide the services of an annual average of [ ] full time employees, including scientists and technicians, to conduct scientific research in the following areas:
(a) as a first priority, the delivery to Roche of a cell line capable of producing a humanized anti-Tac antibody or antibodies;

(b) the development of additional Antibodies in the Field;

(c) the development of Antibodies in the Field which have increased binding affinity;
(d) the development of cell lines expressing Antibodies in the Field at high levels; and
(e) such additional areas as the parties may agree upon, if any.

6.03 Cell Lines

(a) PDL agrees to deliver to Roche viable samples of all cell lines producing any Antibodies in the Field developed under the research activities described in Section 6.02, and to deliver additional samples of such cell lines during the term of this Agreement as reasonably required by Roche to carry out its activities under this Agreement. Roche agrees to deliver back to PDL viable samples of such cell lines as may be requested by PDL.

(b) Ownership of any cell lines developed under the Research Program or delivered to Roche under Milestone #1 of Section 3.01, together with their progeny and derivatives, shall remain vested at all times in PDL.

(c) Roche may only use the cell lines delivered to it under this Section 6.03 or under Section 3.01, or their progeny or derivatives or the plasmids contained therein, to make, have made, use and sell Licensed Products in the Field within the Territory. Furthermore, the plasmids or parts thereof may only be used with the genes encoding antibodies developed or provided by PDL pursuant to the terms of this Agreement.

(d) EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 6.10 BELOW, PDL MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY CELL LINES DELIVERED HEREUNDER. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE CELL LINES DELIVERED TO ROCHE UNDER SECTION 3.01 OR THIS SECTION 6.03 WILL NOT INFRINGE ANY PATENT OR OTHER RIGHTS.

6.04 Roche Contributions. Roche, in consideration of PDL's obligations under Section 6.02 hereof, agrees to pay to PDL [ ] per quarter in the first year of the Research Program and [ ] per quarter in each subsequent year of the Research Program in support of its activities. The first quarter of the Research Program shall commence on February 1, 1989, with all subsequent quarters commencing on May 1, August 1 and November 1, respectively.

6.05 Records. PDL agrees to keep records for a period of at least four (4) years which confirm that the PDL is meeting its obligations under Section 6.02 above, and to permit such records to be examined by a representative of Roche from time to time to the extent necessary to verify the commitment of human resources by PDL set forth in Section 6.02.

6.06 Research Protocol. PDL agrees to prepare, with the assistance of Roche, a statement of scientific goals and research protocols designed to support the areas of research set forth in Section 6.02(a)-(d).

6.07 Management and Meetings. Initially upon entering into this Agreement, each party shall nominate a Scientific Coordinator or Coordinators who will be responsible for facilitating the exchange of information and promoting and monitoring the progress of the Research Program. The Scientific Coordinators shall meet within sixty (60) days following the Effective Date at a place to be mutually agreed upon and, thereafter, at locations designated alternatively by the parties, approximately every six (6) months, beginning at the end of the six month after the first formal meeting and continuing thereafter until a final meeting takes place within sixty (60) days after termination of the Research Program. In addition, representatives of the parties shall meet informally as the Scientific Coordinators deem appropriate. Each party shall pay its own travel and lodging expenses.

6.08 Exchange of Information. At the outset of this Agreement, Roche and PDL shall inform each other, to the extent they have not already done so, of such knowledge as they possess in the Field which is necessary for the other party to carry out its obligations under this Agreement. Each party will permit access during the Research Program at reasonable times and with reasonable frequency to the relevant scientific personnel of the other party. The parties agree to inform each other on a timely basis of all results in the Field obtained by them during the Research Program to the extent such results are necessary for the other party to carry out its obligations under this Agreement or to reach the goals of the Research Program.

6.09 Reports. At least thirty (30) days prior to each of the meetings prescribed above, each party shall prepare written progress reports for the other party which summarize the reporting party's progress to date in achieving the goals of the Research Program. Following each such meeting, the parties shall jointly prepare a report summarizing the discussions and conclusions which were held and reached and setting forth plans for the Program for the next six months. A final, comprehensive technical report shall be submitted by each party to the other within sixty (60) days after expiration or termination of the Research Program.

6.10 Representations of PDL. PDL represents and warrants to Roche that, except as may otherwise be disclosed in writing to Roche:

(a) PDL has the full right and authority to enter into this Agreement;

(b) to the best knowledge of PDL after reasonable investigation, no third party has any right, title or interest in the Sole PDL Patents or PDL Know-How as the result of such third party's former employment of any PDL employee;

(c) PDL is not aware of any patent or other proprietary rights of third parties which might be infringed by the Sole PDL Patents or the PDL Know-How, including cell lines delivered hereunder.

VII. CERTAIN COVENANTS OF ROCHE

7.01 Diligence. Upon execution of this Agreement, Roche shall use reasonable diligence in proceeding with (i) the development, testing and manufacturing of Licensed Products in accordance with the Milestone Schedule set forth in Article III hereof, and (ii) the subsequent marketing and sale of Licensed Products. Reasonable diligence as used in this Agreement shall mean the same standard of effort used by Roche in the development, testing, manufacturing, marketing and sale of its own protein-based products which must be approved by the FDA before they can be sold in the Territory. If Roche fails to exercise such diligence, PDL may terminate this Agreement and Roche's rights hereunder pursuant to Section 11.04 below.

7.02 Summary Information. Roche agrees to provide semi-annually to PDL summaries of the results of scale-up, GMP manufacturing, pre-clinical and clinical trials and other information concerning the Field which is generated pursuant to Roche's efforts to complete Milestones #2-7 as set forth in Section 3.01 and Milestones #1 and #2 as set forth in Section 3.02.

VIII. OWNERSHIP OF TECHNOLOGY

8.01 PDL Technology. Ownership of the PDL Know-How and Sole PDL Patents shall remain vested at all times in PDL. Notwithstanding the provisions of Section 2.01, PDL expressly reserves under this Agreement (i) all rights to use the PDL Know-How and Sole PDL Patents to make, have made, use and sell anywhere in the world all products not within the Field and (ii) the right to use the PDL Know-How and Sole PDL Patents for PDL's internal research purposes in the Field.

8.02 Joint Inventions and Joint Roche-PDL Patents. Ownership of Joint Inventions and Joint Roche-PDL Patents shall be vested jointly in PDL and Roche. Roche shall have the exclusive right to make, have made, use or sell

any Joint Invention or Joint Roche-PDL Patent in the Field within the Territory during the term of the Agreement. Both parties shall have the non-exclusive right to make, have made, use or sell any Joint Invention or Joint Roche-PDL Patent outside the Field during the term of the Agreement, and neither party shall be obligated to account to the other for such use. Upon the expiration or termination of the Agreement, both parties shall have the non-exclusive right to make, have made, use or sell any Joint Invention or Joint Roche-PDL Patent without restriction and without any obligation to account to the other party for such use. Notwithstanding the foregoing or the provisions of Section 2.01, PDL expressly reserves the right to use Joint Inventions and Joint Roche-PDL Patents for PDL's internal research purposes in the Field.

8.03 Roche Inventions. PDL hereby acknowledges that this Agreement does not grant PDL any ownership rights in the Roche Inventions.

IX. INVENTIONS

9.01 Sole PDL Patents. PDL agrees to prosecute and reasonably maintain all of the patents and applications included within the Sold PDL Patents. PDL shall bear [ ] costs and expenses for such prosecution and maintenance except for the costs and expenses of foreign filings for such patents which are to be borne by F. Roche in accordance with the terms of the F. Roche Agreement. At PDL's reasonable request, Roche shall cooperate, in all reasonable ways, in connection with the prosecution of all patent applications included within the Sole PDL Patents. Should PDL decide that it is no longer interested in maintaining or prosecuting a Sole PDL Patent, it shall promptly advise Roche thereof and, at the request of Roche, PDL and Roche shall negotiate in good faith to determine an appropriate course of action in the interests of both parties. If any Sole PDL Patents are assigned to Roche, Roche will thereafter prosecute and reasonably maintain such at Roche's own cost to the extent that Roche desires to do so.

9.02 Joint Inventions.

(a) PDL will have the first right of election to file priority patent applications for Joint Inventions in any country in the world. If PDL declines to file such applications then Roche may do so. Regardless of which party files a priority patent application, however, any claims covered by such applications shall be considered as part of the PDL Patents for the purpose of defining a Valid Claim under this Agreement.

(b) The party not performing the priority patent filings for Joint Inventions pursuant to this Section 9.02 undertakes without cost to the filing party to obtain all necessary assignment documents for the filing party, to render all signatures which shall be necessary for such patent filings and to assist the filing party in all other reasonable ways which are necessary for the issuance of the patents involved as well as for the maintenance and prosecution of such patents. The party not performing the patent filings shall upon request be authorized by the other party to have access to the files concerning such patents in any patent offices in the world.

(c) The party performing the priority patent filings for Joint Inventions pursuant to this Section 9.02 undertakes to perform the corresponding convention filings from case to case, after having discussed the countries for foreign filings with the other party; provided, however, that, pursuant to the F. Roche Agreement, F. Roche is to bear any costs associated with such foreign filings regardless of which party performs such filings.

9.03 General Procedures. The parties shall observe the following procedures for patent applications for inventions arising from this Agreement:

(a) As soon as one of the parties concludes that it wishes to file a patent application covering an invention in the Field, it shall immediately inform the other party thereof and consult about the filing procedures concerning such patent application. For this purpose, such party will provide the other party with the determination of inventors and scope of claims as early as possible. Should a party be faced with possible loss of rights, such communications may take place promptly after filing a convention application.

(b) Except as set forth in Sections 9.01 and 9.02 with respect to the costs of foreign filings, the party performing any priority patent filings as described above shall be obliged to prosecute and reasonably maintain such applications and any patents resulting therefrom and will have to bear the costs associated therewith. On request of the party performing the filing, the other party will cooperate, in all reasonable ways, in connection with the prosecution of all such patent applications relating to inventions. The party performing the filing shall advise the other party of any substantial action or development in the prosecution of its patent applications and patents, in particular of the question of scope, the issuance

of, or the rejection of, an interference involving or an opposition to any respective patent application or patent.

(c) Inventions and other intellectual property made by either party outside the Field shall be excluded from the provisions of this Agreement and shall belong solely to the party having made the invention or other intellectual property.

X. ENFORCEMENT OF PATENTS

10.01 Sole PDL Patents. In the event of any action against a third party for infringement of any claim in any issued patent within the Sole PDL Patents, or the institution by a third party of any proceedings for the revocation of any such claim, each party will notify the other promptly and, following such notification, the parties shall confer. PDL shall have the right, but shall not be obligated, to prosecute such actions or to defend such proceedings at its own expense, in its own name and entirely under its own direction and control. Roche will reasonably assist PDL in such actions or proceedings if so requested, and will lend its name to such actions or proceedings if requested by PDL or required by law. PDL will pay or reimburse Roche for all costs, expenses and liabilities which Roche may incur or suffer in affording assistance to such actions or proceedings. If PDL elects not to bring any action for infringement or to defend any proceeding for revocation of any claims in any issued patent within the Sole PDL Patents within ninety (90) days of being requested by Roche to do so, Roche may bring such action or defend such proceeding at its own expense, in its own name and entirely under its own direction and control. PDL will reasonably assist Roche in any action or proceeding being prosecuted or defended by Roche, if so requested by Roche or required by law. Roche will pay or reimburse PDL for all costs, expenses and liabilities which PDL may incur or suffer in affording assistance to such actions or proceedings. No settlement of any such action or defense which restricts the scope or affects the enforceability of PDL Know-How or Sole PDL Patents may be entered into by either PDL or Roche without the prior consent of the other party hereto, which consent, in the case of Roche shall not be unreasonably withheld and in the case of PDL may be withheld in PDL's sole and absolute discretion.

If either party elects to bring an action for infringement or to defend any proceedings for revocation of any claims pursuant to this Section 10.01 and subsequently ceases to continue or withdraws from such action or defense, it shall forthwith so notify the other party and the other party may substitute itself for the withdrawing party and the parties' respective rights and obligations under this Section 10.01 shall be reversed.

10.02 Joint Roche-PDL Patents. In the event of any action against a third party for infringement of any claim in any issued patent within the Joint Roche-PDL Patents, or the institution by a third party of any proceedings for the revocation of any such claim, each party will notify the other promptly and, following such notification, the parties shall confer to determine whether either or both parties shall control the prosecution or defense of such action or proceeding and who shall bear the costs thereof. If the parties are unable to reach agreement within ninety (90) days of the notification referred to above, then each party shall have the right to bring such action or defend such proceeding at its own expense, in its own name and entirely under its own direction and control; provided, however, that if both parties elect to prosecute or defend, each party shall bear its own expenses but both parties shall have equal control over such prosecution or defense. No settlement of any action or defense which restricts the scope or affects the enforceability of Joint Roche-PDL Patents may be entered into by either PDL or Roche without the prior consent of the other party hereto, which consent shall not be unreasonably withheld.

10.03 Distribution of Proceeds. In the event either party exercises the rights conferred in Section 10.01 or 10.02 hereof, and recovers any damages or other sums in such action, suit or proceeding or in settlement thereof, such damages or other sums recovered, shall first be applied to all costs and expenses connected therewith including reasonable attorneys fees, necessarily involved in the prosecution and/or defense of any suit or proceeding, and if after such reimbursement any funds shall remain from such damages or other sums recovered, said recovery shall belong to the party exercising its rights; provided, however, that any remaining recovery by Roche shall be shared, with seventy-five percent (75%) being retained by Roche and twenty-five percent (25%) being paid to PDL.

10.04 Defense of Infringement Actions. Roche shall defend at its own cost any infringement suit that may be brought against PDL or Roche on account of the development, manufacture, production, use or sale of any Licensed Product, and shall indemnify and save PDL harmless against any such patent or other infringement suits, and any claims, losses, damages, liabilities, expenses, including reasonable attorneys' fees and cost, which may be incurred by PDL therein or in settlement thereof. Any and all settlements which restrict the scope or enforceability of PDL Know-How or Sole PDL Patents must

be approved by PDL in its sole and absolute discretion before execution by Roche. Any and all settlements which restrict the scope or enforceability of Joint Roche-PDL Patents must be approved by PDL before execution by Roche, such approval not to be unreasonably withheld. PDL shall not be required to approve any settlement which does not include as a condition thereof the granting to PDL of a full and unconditional release of claims. PDL will use its best efforts to avoid knowingly infringing any patents of third parties in PDL's design of the cell lines being delivered to Roche hereunder, and PDL will inform Roche of any such potential infringement promptly upon PDL's becoming aware of such potential infringement.

10.05 Right to Counsel. Each party to this Agreement shall always have the right to be represented by counsel of its own selection and its own expense in any suit or other action instituted by the other for infringement, under the terms of this Agreement.

XI. TERM AND TERMINATION

11.01 Term. Unless earlier terminated pursuant to the terms of this Article XI, this Agreement shall remain in effect until the later of (a) the date of expiration of the last to expire of any Valid Claims or (b) the date of the [ ] anniversary of the Initial Commercialization of the last Licensed Product to be introduced by Roche hereunder, at which time this Agreement shall automatically expire.

11.02 Termination by Mutual Agreement. This Agreement may be terminated by the written agreement of the parties.

11.03 Termination by Roche. Roche may terminate this Agreement upon ninety (90) days written notice to PDL; however, any such termination prior to the end of the initial two-year term of the Research Program shall not relieve Roche of its obligations under Section 6.04 to make quarterly payments to PDL for the full two-year period provided in Section 6.01.

11.04 Termination by Default. If either party defaults in the performance of, or fails to be in compliance with, any material agreement, condition or covenant of this Agreement, the party not in default may terminate this Agreement at its option; provided, however, that if such event of default or non-compliance is the first occurrence of an event giving rise to the right of termination pursuant to this Section 11.04, the non-defaulting party may terminate this Agreement only if such default or noncompliance shall not have been remedied, or steps initiated to remedy the same to the other party's reasonable satisfaction within sixty (60) days after receipt by the defaulting party of a written notice thereof from the other party. If PDL terminates the F. Roche Agreement pursuant to Section 7.04 thereof, PDL may elect to simultaneously terminate this Agreement upon written notice to Roche. If F. Roche terminates the F. Roche Agreement pursuant to Section 7.04 thereof, Roche may elect to simultaneously terminate this Agreement upon written notice to PDL.

11.05 Inventory. Upon termination of this Agreement, PDL hereby grants Roche a license to sell within one (1) year of such termination any Licensed Products in Roche's or its Affiliates or sublicensee's inventory on the date of such termination, which have not previously been sold ("Inventory"); provided, however that Roche shall pay the royalties due on such Inventory in the amounts and manner provided for in Articles IV and V.

11.06 Return of Materials and Information. Subject to Section 12.05 hereof concerning archival copies, upon termination of this Agreement by Roche pursuant to Section 11.03 or by either or both parties pursuant to Sections 11.02 or 11.04: (a) Roche forthwith shall return to PDL all cell lines and their progeny, antibodies and other biological materials provided to Roche by PDL under this Agreement, as well as complete copies of all data and results of scale-up, GMP manufacturing, pre-clinical and clinical trials and other information generated pursuant to Roche's efforts to complete Milestones #2-7 as set forth in Section 3.01 above and Milestones #1-2 as set forth in Section 3.02 above; and (b) PDL forthwith shall return to Roche all scientific instruments and materials and related information provided to PDL by Roche under this Agreement.

11.07 Rights and Obligations on Termination or Expiration. Unless expressly provided to the contrary, the provisions of Sections 4.07, 9.04 and Articles V, X, XII, XIII, and XV (and, if applicable under Section 11.03, the payment obligations of Roche under Section 6.04), shall survive the termination of this Agreement. Upon the expiration of this Agreement pursuant to Section 11.01 above, if it is not otherwise terminated pursuant to this Article XI, PDL shall grant to Roche a non-exclusive, royalty-free license to use the PDL Know-How and Sole PDL Patents and cell lines delivered pursuant to Section 6.03, but only to the extent necessary to make, have made, use and sell Licensed Products in the Field.

11.08 Archival Copies. Section 11.06 notwithstanding, each party shall be entitled to keep for archival purposes one copy of all written materials returned to the other party pursuant to Section 11.06.

XII. CONFIDENTIALITY, DISCLOSURE AND PUBLICATIONS

12.01 Prior Agreements. This Agreement supersedes that certain Confidential Disclosure Agreement entered into between PDL and Roche on August 29, 1988.

12.02 Confidentiality. During the term of this Agreement and for a period of five (5) years following expiration or termination of this Agreement, each party shall maintain in confidence all information and materials including, but not limited to, cell lines, their progeny, and antibodies, disclosed by the other party hereto which such party knows or has reason to know are or contain trade secrets or other proprietary information of the other, including, without limitation, information relating to the PDL Know-How, PDL Patents, Joint Inventions and inventions of the other party, and the business plans of the other party, including, without limitation, information provided by either party to the other party hereto prior to the Effective Date, and shall not use such trade secrets or proprietary information for any purpose, including, without limitation, for the purpose of developing products in the Field except as permitted by this Agreement or disclose the same to anyone other than those of its Affiliates, sublicensees, employees, consultants, agents or subcontractors as are necessary in connection with such party's activities as contemplated in this Agreement. Each party shall obtain a written agreement from any sublicensees, employees, consultants, agents and subcontractors, prior to disclosure, to hold in confidence and not make use of such trade secrets or proprietary information for any purpose other than those permitted by this Agreement. Notwithstanding the foregoing sentence, with respect to employees or consultants of a party or such party's Affiliates who have signed a confidentiality agreement in favor of such party or Affiliate as employer, if such confidentiality agreement binds the employee or consultant to protect proprietary information disclosed hereunder to the same extent (or greater) as required by this Section 12.02, then it shall be sufficient for the employing party to (a) notify such employees or consultants of the fact that information disclosed hereunder is governed by such confidentiality agreements and (b) identify to such employees the information which is so governed. Each party shall be responsible for ensuring compliance with these obligations by such party's Affiliates, sublicensees, employees, consultants, agents and subcontractors. Each party shall use a similar effort to that which it uses to protect its own most valuable trade secrets or proprietary information to ensure that its Affiliates, sublicensees, employees, consultants, agents and subcontractors do not disclose or make any unauthorized use of trade secrets or proprietary information of the other party hereto. Each party shall notify the other promptly upon discovery of any unauthorized use or disclosure of the other's trade secrets or proprietary information.

12.03 Exceptions. The obligation of confidentiality contained in this Agreement shall not apply to the extent that (a) either party (the "Recipient") is required to disclose information by order or regulation of a governmental agency or a court of competent jurisdiction or (b) the Recipient can demonstrate that (i) the disclosed information was at the time of such disclosure by the Recipient already in the public domain other than as a result of actions of the Recipient, its Affiliates, employees, licensees, agents or subcontractors, in violation hereof; (ii) the disclosed information was rightfully known by the Recipient or its Affiliates (as shown by its written records) prior to the date of disclosure to the Recipient in connection with the negotiation, execution or performance of this Agreement; or (iii) the disclosed information was received by the Recipient or its Affiliates on an unrestricted basis from a source unrelated to any party to this Agreement and not under a duty of confidentiality to the other party, or (c) disclosure is made to the FDA as part of the FDA's product license approval process.

12.04 Publications. Prior to public disclosure or submission for publication of a manuscript describing the results of any aspect of the Research Program or other scientific activity or collaboration between PDL and Roche in the Field, the party disclosing or submitting such a manuscript ("Disclosing Party") shall send the other party ("Responding Party") by express air-mail a copy of the manuscript to be submitted and shall allow the Responding Party a reasonable time period (not to exceed sixty (60) days from the date of mailing) in which to determine whether the manuscript contains subject matter of which patent protection should be sought (prior to publication of such manuscript) for the purpose of protecting an invention conceived or developed in connection with the PDL/Roche scientific collaboration, or whether the manuscript contains confidential information belonging to the Responding Party. After the expiration of sixty (60) days from the date of mailing such manuscript, the Disclosing Party shall be free to submit such manuscript for publication and publish or otherwise disclose to

the public such research results. Should the Responding Party believe the subject matter of the manuscript contains confidential information or a patentable invention of substantial commercial value to the Responding Party, then prior to the expiration of sixty (60) days from the date of mailing of such manuscript to it by the Disclosing Party, the Responding Party shall notify the Disclosing Party in writing of its determination that such manuscript contains such information or subject matter for which patent protection should be sought. Upon receipt of such written notice from the Responding Party, the Disclosing Party shall delay public disclosure of such information or submission of the manuscript for an additional period of sixty (60) days to permit preparation and filing of a patent application on the disclosed subject matter. The Disclosing Party shall thereafter be free to publish or disclose such information, except that the Disclosing Party may not disclose any confidential information of the Responding Party in violation of Sections 12.02 and 12.03 hereof. Each Party agrees to give the other party reasonable opportunity to review and comment on any proposed publication arising from the research collaboration between the parties. Determination of authorship for any paper or patent shall be in accordance with accepted scientific practice. Should any questions on authorship arise, this will be determined by good faith consultation between the Scientific Coordinators.

XIII. DISPUTE RESOLUTION

13.01 Arbitration. Any claim, dispute or controversy arising out of or in connection with or relating to this agreement or the breach or alleged breach thereof shall be submitted by the parties to arbitration by the American Arbitration Association in Santa Clara County, California under the commercial rules then in effect for that Association except as provided herein. All proceedings shall be held in English and a transcribed record prepared in English. The parties shall choose, by mutual agreement, one arbitrator within thirty (30) days of receipt of notice of the intent to arbitrate. If no arbitrator is appointed within the times herein provided or any extension of time which is mutually agreed upon, the Association shall make such appointment within thirty (30) days of such failure. The award rendered by the arbitrator shall include costs of arbitration, reasonable attorneys' fees and reasonable costs for expert and other witnesses, and judgment on such award may be entered in any court having jurisdiction thereof. The parties shall be entitled to discovery as provided in Sections 1283.05 and 1283.1 of the Code of Civil Procedure of the State of California, whether or not the California Arbitration Act is deemed to apply to said arbitration. Nothing in this Agreement shall be deemed as preventing either party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the parties and the subject matter of the dispute as necessary to protect either party's name, proprietary information, trade secrets, know-how or any other proprietary right. If the issues in dispute involve scientific or technical matters, any arbitrator chosen hereunder shall have educational training and/or experience sufficient to demonstrate a reasonable level of knowledge in the field of biotechnology. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

13.02 Use of Scientific Coordinators. Both parties shall endeavor to resolve any disputes emerging out of the activities of the Research Program or Article III by first having the respective Scientific Coordinators meet to discuss such disputes.

XIV. FORCE MAJEURE

14.01 If either party shall be delayed, interrupted in or prevented from the performance of any obligation hereunder by reason of force majeure including an act of God, fire, flood, earthquake, war (declared or undeclared), public disaster, strike or labor differences, governmental enactment, rule or regulation, or any other cause beyond such party's control, such party shall not be liable to the other therefor; and the time for performance of such obligation shall be extended for a period equal to the duration of the contingency which occasioned the delay, interruption or prevention. The party invoking such force majeure rights of this subparagraph must notify the other party by registered letter within a period of fifteen (15) days, from the first and last day of the force majeure unless the force majeure renders such notification impossible in which case notification will be made as soon as possible. If the delay resulting from the force majeure exceeds six (6) months, both parties shall consult together to find an appropriate solution.

XV. MISCELLANEOUS

15.01 Assignment. This agreement and the licenses herein granted other than the aforementioned agreement between PDL and F. Roche relating to the same Field but outside the Territory shall be binding upon and shall inure to the benefit of, successors of the parties hereto, or to an assignee of all of the good will and entire business and assets of a party hereto relating to pharmaceutical and veterinary products but shall not otherwise be assignable

without the prior written consent of the other party, which consent will not be unreasonably withheld.

15.02 Entire Agreement. This Agreement and the F. Roche Agreement constitute the entire Agreement between the parties hereto with respect to the within subject matter and supersede all previous Agreements, whether written or oral. This Agreement shall not be changed or modified orally, but only by an instrument in writing signed by both parties.

15.03 Severability. If any provision of this Agreement is declared invalid by an arbitrator pursuant to Section 13.01 or by a court of last resort or by any court from the decision of which an appeal is not taken within the time provided by law, then and in such event, this Agreement will be deemed to have been terminated only as to the portion thereof which relates to the provision invalidated by that decision and only in the relevant jurisdiction, but this Agreement, in all other respects and all other jurisdictions, will remain in force; provided, however, that if the provision so invalidated is essential to the Agreement as a whole, then the parties shall negotiate in good faith to amend the terms hereof as nearly as practical to carry out the original interest of the parties, and, failing such amendment, either party may submit the matter to arbitration for resolution pursuant to Section 13.01.

15.04 Indemnification. Roche shall defend, indemnify and hold harmless PDL, its trustees, officers, agents and employees harmless from any and all liability, demands, damages, expenses, and losses of any kind, including those resulting from death, personal injury, illness or property damage arising (i) out of the manufacture, distribution, use, testing, sale or other disposition, by Roche, an Affiliate of Roche, or any distributor, customer, sublicensee or representative of Roche or anyone in privity therewith, of any Licensed Product, or any cell lines, their progeny, or other biological materials, method, process, device or apparatus licensed or provided by PDL to Roche hereunder, or (ii) as a result of practicing a Joint Invention, or using PDL Know-How or PDL Patents licensed to Roche under this Agreement, except where such claim is based on the negligent acts of commission or omission of PDL.

15.05 Notices. Any notice or report required or permitted to be given under this Agreement shall be in writing and shall be mailed by United States mail, or telexed or telecopied and confirmed by mailing, as follows and shall be effective five (5) days after such mailing:

If to PDL: Protein Design Labs, Inc.
3181 Porter Drive
Palo Alto, California 94304
Attention: President

Copy to: Ware & Freidenrich
400 Hamilton Avenue
Palo Alto, California 94301-1809
Attention: Marta L. Morando, Esq.

If to Roche: Hoffmann-La Roche Inc.
340 Kingsland Street
Nutley, New Jersey 07110
Attention: Corporate Secretary

15.06 Choice of Law. The validity, performance, construction, and effect of this Agreement shall be governed by the laws of the State of California.

15.07 Publicity. Both parties agree to issue mutual press releases concerning their entry into this Agreement, with the content of such releases to be approved in advance by both parties. In all other respects, neither party shall use the name of the other party in any publicity release without the prior written permission of such other party, which shall not be unreasonably withhold. The other party shall have a reasonable opportunity to review and comment on any such proposed publicity release. Except as required by law, neither party shall publicly disclose the terms of this agreement or its terms and conditions unless expressly authorized to do so by the other party which authorization shall not be unreasonably withheld. In the event that disclosure shall be agreed upon then the parties will work together to develop a mutually acceptable disclosure.

15.08 Headings. The captions used herein are inserted for convenience of reference only and shall not be construed to create obligations, benefits, or limitations.

15.09 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall be regarded as one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

PROTEIN DESIGN LABS, INC.
By: /s/ Laurence Jay Korn
Title: President
Date: 16 March 1989

HOFFMANN-LA ROCHE, INC.
By: /s/ Irwin Lerner
Title: President and CEO
Date: March 16, 1989

APPENDIX A
Sole PDL Patents

T&T DOCKET NO.	TITLE	INVENTORS	FILING DATE	SERIAL NO.	STATUS
11823-1	Closing and Expressions of Phospholipase C Genes	Tso and Queen	Dec. 15, 1987	132,387	Pending
11823-4	IL-2 Receptor-Specific Chimeric Antibodies	Queen	Apr. 15, 1988	182,682	Pending
11823-5	Chimeric Antibody Production	Queen	Sep. 28, 1988	233,037	Pending
11823-7	Cellular Toxic Conjugates	Queen	Nov. 23, 1988	275,462	Pending
11823-7-1 (Comb. of `387 and `462)	Cellular Toxic Conjugates	Queen, Chovnick, Schneider and Tso	Dec. 15, 1988 (Canada & PCT for Japan & EPO)	PCT/US88/ 04493	Pending
11823-7-2 (Comb. of `387 and `462)	Cellular Toxic Conjugates	Queen, Chovnick, Schneider and Tso	Dec. 28, 1988	290,968	Pending
11823-8	Novel IL-2 Receptor Specific Human Immunoglobulins	Queen and Selleck	Dec. 28, 1988	290,975	Pending
11823-9	Humanized Antibody Production	Queen	Feb. 13, 1989	310,252	Pending

EXHIBIT 10.9

CONFIDENTIAL TREATMENT REQUESTED

AGREEMENT

This Agreement is entered into as of January 31, 1989 ("Effective Date"), by and between F. HOFFMANN-LA ROCHE & CO. LIMITED COMPANY of Basle, Switzerland ("F. Roche) and PROTEIN DESIGN LABS, INC., a Delaware corporation having offices at 3181 Porter Drive, Palo Alto, California 94304 ("PDL").

WITNESSETH
WHEREAS, PDL has developed a body of technology relating to humanizing antibodies and, in particular, to humanized antibodies against the interleukin-2 receptor ("IL-2R");

WHEREAS, PDL and Hoffmann-La Roche Inc. ("Roche"), a New Jersey corporation, are contemporaneously entering into an agreement ("PDL/Roche Agreement") which will govern a scientific collaboration, clinical development program and subsequent commercialization in the Roche Territory (as defined in Section 1.13 hereof) of pharmaceutical products based on PDL's proprietary technology relating to such humanized antibodies;

WHEREAS, F. Roche has proven experience in the development, clinical research, registration, manufacturing and marketing of pharmaceutical products;

WHEREAS, PDL and F. Roche desire F. Roche to register and market such pharmaceutical products in countries of the world outside the Roche Territory, and now wish to embody their mutual understandings in a full text, binding agreement;

NOW THEREFORE, in consideration of the premises and the mutual promises and covenants set forth below, PDL and F. Roche mutually agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, the following terms, when written with an initial capital letter, shall have the meaning ascribed to them below.

1.01 "Affiliate" means any corporation or other business entity controlled by, controlling, or under common control with a party to this Agreement through common share holdings, with "control" meaning direct or indirect beneficial ownership of more than fifty percent (50%) of the voting stock of, or more than a fifty percent (50%) interest in the income of, such corporation or other business entity; and any corporation in which the maximum amount of stock permitted by law to be held by another entity is beneficially owned, directly or indirectly, by F. Roche.

1.02 "Combination Product" means any product containing both an ingredient which causes it to be considered a Licensed Product and one or more other therapeutically active ingredients.

1.03 "Field" means any humanized or chimeric antibody which binds to the IL-2R, where "humanized" means a genetically engineered combination of a substantially human framework region and constant region, and complementarity determining regions from non-human antibodies, and where "chimeric" means a genetically engineered combination of a human constant region and non-human variable region. "Antibodies in the Field" means humanized and chimeric antibodies which bind to the IL-2R. It is believed that these Antibodies in the Field may be useful for therapeutic, diagnostic, imaging and similar purposes. It is understood that the Field includes, but is not limited to, that certain humanized murine monoclonal antibody prepared against the p55 component of the IL-2R ("humanized anti-Tac"). Furthermore, the Field includes, but is not limited to, all improvements relating to humanized anti-Tac including without limitation modifications in structure introduced by genetic engineering, or by chemical or enzymatic cleavage. Also included within the Field shall be alternate hosts for producing humanized anti-Tac, methods for purification, formulations incorporating humanized anti-Tac, and uses and methods of use for humanized anti-Tac in human medicine.

1.04 "Initial Commercialization" means the end of the calendar month containing the date following the granting of Regulatory Approval (as defined in Section 1.10 hereof) for a Licensed Product for human therapeutic use for prevention of kidney transplant rejection or a major disease (within the meaning of Milestone #2 in Section 3.02 of the PDL/Roche Agreement) on which F. Roche, its Affiliates or sublicensees first sell such a product to an independent third party not an Affiliate of the seller in a major market within the Territory, where "major market" means either Japan or two of the following three countries: France, Italy or the United Kingdom.

1.05 "Joint Inventions" means any inventions in the Field, whether patented or not, which are jointly made during the period beginning on the Effective Date and ending one year after termination of the Research Program (as defined in Section 1.11 hereof) by at least one PDL employee or person contractually required to assign or license patent rights covering such inventions to PDL and at least one F. Roche or Roche employee or person contractually required to assign or license patent rights covering such inventions to F. Roche or Roche.

1.06 "Licensed Product" means any product in the Field, including any Combination Product, the making, use or sale of which utilizes PDL Know-How, PDL Patents or Joint Inventions or would, in the absence of this Agreement, infringe a Valid Claim.

1.07 "Net Sales" means the gross invoice price ("GIP") of all Licensed Products sold or otherwise disposed of for consideration by F. Roche, its Affiliates or sublicensees to independent third parties not an Affiliate of the seller, as computed in the central F. Roche Swiss Francs Sales Statistics for the countries concerned, whereby the amount of such sales in foreign currencies is converted into Swiss Francs at the average monthly rate of exchange at the time, after deducting, if not already deducted, from the amount invoiced:

(a) the amounts actually allowed as volume or quantity discounts, sales rebates (including cash discounts), price reductions, returns (including withdrawals and recalls); and

(b) sales, excise and turnover taxes imposed directly upon and actually paid by F. Roche, its Affiliates or sublicensees.

In addition, there shall be deducted, to the extent not already deducted from the amount invoiced, an amount equal to seven percent (7%) of the GIP to cover all other expenses or discounts, including but not limited to customs duties, transportation and insurance charges and other direct expenses.

In the case of Combination Products for which the Licensed Product and each of the other therapeutically active ingredients contained in the Combination Product have established market prices when sold separately, Net Sales shall be determined by multiplying the Net Sales for each such Combination Product by a fraction, the numerator of which shall be the established market price for the Licensed Product(s) contained in the Combination Product, and the denominator of which shall be sum of established market prices for the Licensed Product(s) plus the other active ingredients contained in the Combination Product. When such separate market prices are not established, then the parties shall negotiate in good faith to determine the method of calculating Net Sales for Combination Products.

If F. Roche or its Affiliates or sublicensees receive non-cash consideration for any Licensed Product sold or otherwise transferred to an independent third party not an Affiliate of the seller or transferor, the fair market value of such non-cash consideration on the date of the transfer as known to F. Roche, or as reasonably estimated by F. Roche if unknown, shall be included in the definition of Net Sales.

1.08 "PDL Know-How" means, except as otherwise set forth in this Section 1.08, all inventions, discoveries, trade secrets, information, experience, data, formulas, procedures and results in the Field, and improvements thereon, including any information regarding the structure, sequence and characterization of Antibodies in the Field, methods of making and the characterization of cell lines producing Antibodies in the Field, and methods of achieving high levels of expression of Antibodies in the Field, which are rightfully held by PDL as of the Effective Date, or which are developed or acquired by PDL during the period beginning on the Effective Date and ending one year after termination of the Research Program, and which Know-How is needed for registration, manufacturing, using or selling products in the Field; provided, however, that PDL Know-How excludes any Know-How of any kind concerning generic methods of designing, developing or preparing antibodies including, but not limited to, methods of humanizing antibodies, methods of reducing the immunogenicity of antibodies, and methods of increasing the affinity of antibodies.

1.09 "PDL Patents" means all patent applications owned or controlled by PDL ("Sole PDL Patents") and all patent applications resulting from Joint Inventions ("Joint Roche-PDL Patents") containing claims in the Field, which are filed prior to or during the term of this Agreement in the United States or any foreign jurisdiction, including any addition, continuation, continuation-in-part or division thereof or any substitute application therefor; any patent issued with respect to such patent application, any reissue, extension or patent term extension of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent; and any other United States and foreign patent or inventor's

certificate covering claims in the Field.

1.10 "Regulatory Approval" means the granting of all governmental regulatory approvals required, if any, for the sale of a Licensed Product in a given country or jurisdiction within the Territory.

1.11 "Research Program" means the collaborative scientific research program between PDL and Roche described more fully in Article VI of the PDL/Roche Agreement.

1.12 "F. Roche Inventions" means any inventions in the Field which are made during the term of this Agreement by employees of F. Roche or persons contractually required to assign or license patent rights covering such inventions to F. Roche.

1.13 "Roche Territory" means the United States of America and its territories and possessions where the patent laws of the United States are in force. It is understood that the PDL/Roche Agreement comprises a separate but complementary license agreement covering activities in the Roche Territory.

1.14 "Territory" means all countries of the world excluding the Roche Territory.

1.15 "Valid Claim" means a claim in any issued patent within the PDL Patents which has not been disclaimed or held unenforceable or invalid by a decision of a court or governmental agency of competent jurisdiction by a decision beyond right of review.

II. LICENSE GRANT

2.01 License Grant. PDL grants to F. Roche and to F. Roche's Affiliates the sole and exclusive right to the PDL Know-How and the PDL Patents, but only to the extent necessary to make, have made, use and sell Licensed Products in the Field within the Territory. For so long as F. Roche is in compliance with its obligations under Section 5.01 hereof, F. Roche may sublicense the right to make, have made, use and sell Licensed Products in the Field within the Territory, but no other rights may be sublicensed. Any such sublicense shall be subject to Section 3.05 hereof, and shall terminate automatically if F. Roche or Roche shall not have remedied or initiated steps to remedy a breach of Section 5.01 hereof or Section 7.01 of the PDL/Roche Agreement, respectively, in a manner reasonably satisfactory to PDL within sixty (60) days after receipt by F. Roche of notice of such breach from PDL.

2.02 Identification of Patents. Set forth on Appendix A is a list identifying patents or patent applications which comprise Sole PDL Patents. PDL shall update this list by delivering a supplement to F. Roche no less frequently than once per year during the term of this Agreement.
CONFIDENTIAL TREATMENT REQUESTED

III. ROYALTIES

3.01 F. Roche agrees to pay PDL royalties for sales of Licensed Products and Combination Products according to the schedule and terms set forth below:

(a) Years 1 through 3. Prior to and for the first three (3) years following Initial Commercialization of a particular Licensed Product, F. Roche shall pay PDL royalties on sales of that product at a rate determined by the aggregate annual worldwide Net Sales of all Licensed Products as follows:

Net Sales ($ in millions)	Royalty Rate
Up to and including [ ]	[ ]
Amount in excess of [ ] but not exceeding [ ]	[ ]
Over [ ]	[ ]

For purposes of computing aggregate annual worldwide Net Sales, F. Roche's Net Sales in the Territory will be combined with the Net Sales of Roche within the Roche Territory. This same understanding is being incorporated into the PDL/Roche Agreement.

(b) Years 4 and Succeeding. For the fourth and each succeeding year following Initial Commercialization, F. Roche shall pay PDL royalties in accordance with the provisions of Section 3.01(a) for Net Sales in a particular country, provided either (i) the Licensed Product or its method of manufacture (wherever actually manufactured) is covered by a Valid Claim in the country of sale, or (ii) the Licensed Product is manufactured in a country where the method of manufacture is covered by a Valid Claim (together, (i) and (ii) are referred to as the "Patentability Criteria").

Subject to Section 3.02 below, if neither of the Patentability Criteria

have been satisfied, then Roche shall pay PDL a royalty rate of [ ] of the Net Sales in the country of sale for the duration of this Agreement or until such time as one of the Patentability Criteria is satisfied, at which time F. Roche shall resume paying PDL royalties at the rates specified in Section 3.01(a) above.

(c) Expiration. F. Roche's obligation to pay royalties to PDL hereunder shall expire with respect to sales in any particular country of any particular Licensed Product on the later of the expiration of all Valid Claims covering such Licensed Product or the [ ] anniversary of Initial Commercialization of such Licensed Product in the Territory.

(d) Antibodies in the Field Not Provided or Developed by PDL. In consideration of the disclosure to F. Roche of PDL Know-How and cell lines as provided for herein, F. Roche agrees that products incorporating or using antibodies in the Field which are not provided or developed by PDL shall nevertheless be presumed to utilize PDL Know-How, with such presumption being rebuttable by clear and convincing evidence with respect to sales of such products made in those countries listed on Appendix B, and such presumption being conclusive as between the parties hereto with respect to sales of such products made anywhere else within the Territory. Accordingly, F. Roche shall pay PDL royalties on sales of each such product in the Territory (except for sales with respect to which the above rebuttable presumption has in fact been refuted by Roche) for a period of [ ] years from Initial Commercialization of such product in accordance with the terms of this Section 3.01, and such sales shall constitute "Net Sales" for purposes hereof.

3.02 De Facto Exclusivity. For purposes of this Article III, the term "de facto exclusivity" means that F. Roche, together with its Affiliates and sublicensees, controls at least [ ] of the market for a particular Licensed Product in a country as measured by unit sales. If neither of the Patentability Criteria have been satisfied and F. Roche does not enjoy de facto exclusivity for a particular Licensed Product in a particular country at any time after [ ] years following Initial Commercialization of such Licensed Product, then F. Roche shall pay PDL a royalty rate of [ ] of the Net Sales of such Licensed Product in the country of sale until the [ ] anniversary of Initial Commercialization, or until F. Roche shall acquire de facto exclusivity for that product or until such time as either of the Patentability Criteria is satisfied (at which time F. Roche shall resume paying PDL royalties at the rates specified in Sections 3.01(a) or (b) above, whichever is applicable). Valid Claims and de facto exclusivity are to be determined on a country-by-country basis.

3.03 Foreign Filing Expenses Credited Against Royalties. F. Roche shall have the right to credit [ ] of all Foreign Filing Expenses (as defined in Section 5.02 below) actually paid to PDL against future royalties due to PDL pursuant to this Article III provided that such credits, when added to the offset provided for in Section 3.04 below, may not reduce the royalties to be paid to PDL to less than [ ] of the amount which would otherwise be due pursuant to Section 3.01 hereof.

3.04 Offset for Third Party Licenses.

(a) If PDL and F. Roche agree in writing that either party must obtain a license from an independent third party in order for F. Roche to manufacture, use or sell a Licensed Product in the Territory and if PDL and F. Roche agree upon the terms of such license ("Third Party License"), then the parties shall [ ] the cost of that license [ ]. Such cost includes license fees and any other fixed costs associated with the Third Party License as well as any royalties. The parties then shall, within thirty (30) days, reimburse each other in the manner necessary to effect a [ ] of such license fees and other fixed costs.

(b) PDL's share of the royalties portion of the cost of any Third Party License, shall be (i) accrued against and deducted from any royalties due to PDL from F. Roche pursuant to Sections 3.01 and 3.02 if F. Roche pays the royalties due under the Third Party License to such third party, and (ii) accrued in favor of and added to any royalties due to PDL from F. Roche pursuant to Sections 3.01 and 3.02 if PDL pays the royalties due under the Third Party License to such third party; provided, however, that this addition or offset shall not cause PDL's royalties to be reduced under the schedule set forth in Section 3.01 to less than [ ] of Net Sales in any year, or under Sections 3.01(b) and 3.02 to less than [ ] if F. Roche has de facto exclusivity and [ ] if F. Roche does not have de facto exclusivity, and provided further, that F. Roche's total royalty obligations to PDL under Sections 3.01 and 3.02 when added to those royalties payable to third parties pursuant to Third Party Licenses shall not exceed [ ] of Net Sales in any year.

3.05 Sublicenses. Any Net Sales of an F. Roche sublicensee shall be treated as Net Sales of F. Roche for purposes of royalty payments hereunder. If F. Roche shall grant any sublicenses under this Agreement, then F. Roche

shall obtain the written commitment of such sublicensees to abide by all applicable terms and conditions of this Agreement and F. Roche shall remain responsible to PDL for the performance of any and all terms by such sublicensee. All such sublicenses shall terminate on termination of this Agreement.

3.06 Royalties upon Termination. If this Agreement is terminated pursuant to Sections 7.02, 7.03 or 7.04 below, F. Roche shall continue to pay PDL any royalties earned pursuant to this Article III prior to the date of termination and any royalties earned thereafter as a result of sales under Section 7.05.

IV. ACCOUNTING AND PAYMENTS

4.01 Semi-Annual Royalty Payments and Reports. F. Roche agrees to make royalty payments and written reports to PDL following the end of every calendar half-year covering all sales of Licensed Products by F. Roche, its Affiliates or sublicensees for which invoices were sent during such half-year period. F. Roche shall exercise its best efforts to render such reports within forty-five (45) days after the end of each calendar half-year period, but in no event shall such reports be rendered by F. Roche later than sixty (60) days after the end of each calendar half-year period. Each report shall state:

(a) for Licensed Products disposed of by sale, the quantity, description, country(ies) of manufacture and sale, Net Sales, GIP and the deductions pursuant to Section 1.07 by which such GIP is reduced to Net Sales,

(b) for Licensed Products disposed of other than by sale, the quantity, description, country(ies) of manufacture and disposition, and nature of the disposition, and

(c) the calculation of royalties due to PDL for such period pursuant to Section 1.07 and Article III hereof.

The information contained in each such report shall be considered confidential and PDL agrees not to disclose such information to any third party except as may be required by law, or to PDL's shareholders during such time as PDL is a privately-held company pursuant to any contract among PDL and such shareholders. Each report shall reconcile aggregate annual Net Sales attributable to F. Roche with aggregate annual worldwide Net Sales attributable to Roche. Concurrent with the making of each report, F. Roche shall include payment due PDL of royalties for the period covered by such report.

It is understood that pursuant to this provision, only one royalty shall be payable on a given unit of Licensed Product disposed of under this Agreement. In the case of transfers or sales of any Licensed Product between Roche, F. Roche or an Affiliate or sublicensee of Roche or F. Roche, only one royalty payment shall be due, and such royalty shall be payable with respect to the sale of such Licensed Product to an independent third party not an Affiliate of the seller.

4.02 Termination Report. F. Roche also agrees to make a written report to PDL within ninety (90) days after the date on which F. Roche, Roche or their Affiliates or sublicensees last sell a Licensed Product, stating in such report the same information called for in each semi-annual report by Section 4.01 for all Licensed Products and Combination Products made, sold or otherwise disposed of and upon which were not previously reported to PDL.

4.03 Accounting. F. Roche agrees to keep full, clear and accurate records for a period of at least three (3) years, or such longer period as may coincide with F. Roche's internal records retention policy, setting forth the manufacturing, sales and other disposition of Licensed Products and Combination Products sold or otherwise disposed of under the license herein granted in sufficient detail to enable royalties payable to PDL hereunder to be determined. F. Roche further agrees to permit its books and records to be examined by an independent accounting firm selected by PDL from time to time to the extent necessary to verify reports provided for in Sections 4.01 and 4.02 above. Unless PDL obtains the prior written consent of F. Roche, such accounting firm must be a foreign representative of one of those firms commonly referred to in the United Sates as the "Big Eight" firms. Such examination is to be made at the expense of PDL, except in the event that the results of the audit reveal a discrepancy in favor of F. Roche of 10% or more over the period being audited, in which case reasonable audit fees for such examination shall be paid by F. Roche.

4.04 Methods of Payment. All payments due to PDL hereunder shall be paid in United States dollars by wire transfer to a bank in the United States designated in writing by PDL. Conversion from Swiss Francs into the equivalent in United States dollars shall be made at the rate of exchange for buying funds as quoted and confirmed by the Swiss Bank Corporation in Basle,

Switzerland for the last business day of each calendar half-year.

4.05 Withholding Taxes. If law or regulation requires the withholding of any taxes due by F. Roche's Affiliates or sublicensees on Net Sales by such Affiliates or sublicensees in a given country in the Territory, the parties shall confer regarding possible alternative arrangements to lawfully avoid such withholding. If, between a country in the Territory and any other place as designated, a treaty for the avoidance of double taxation is in force and such treaty reduces or eliminates the withholding of any taxes otherwise due on royalties payable from such country, PDL may (but shall not be obligated to) request a direct remittance of royalties to PDL at such place that PDL may designate hereunder. If the parties are unable to formulate or agree upon action to lawfully avoid withholding, then the parties agree that fifty percent (50%) of such taxes shall be applied to reduce the Net Sales amount for sales of Licensed Products in such country. Notwithstanding the foregoing, F. Roche shall be solely responsible for any withholding of taxes due on royalties payable from Japan and the countries listed on Appendix B.

4.06 Currency Transfer Restrictions. If in any country in the Territory the payment or transfer of royalties on Net Sales in such country is prohibited by law or regulation, the parties hereto shall confer regarding the terms and conditions on which Licensed Products shall be sold in such countries, including the possibility of payment of royalties to PDL in local currency to a bank account in such country or the re-negotiation of royalty rates and terms for such sales. However, PDL shall be under no obligation to accept terms and conditions other than those set forth herein, and if the parties do not reach an alternative agreement then F. Roche shall either (a) remain responsible for royalties payable to PDL with respect to Net Sales in such countries, or (b) cease sales in such countries, which shall not be deemed a breach by F. Roche of its due diligence obligations under Section 5.01 below.

V. CERTAIN COVENANTS OF F. ROCHE

5.01 Diligence. F. Roche shall use reasonable diligence in proceeding with registering, marketing and selling Licensed Products within the Territory in the event such products are developed as a result of the PDL/Roche Agreement. Reasonable diligence as used in this Agreement shall mean the same standard of effort used by F. Roche in registering, marketing and selling its own protein-based products which must receive Regulatory Approval. The parties acknowledge that F. Roche does not register, market and sell its own protein-based products in every country within the Territory, and it is understood that the exercise by F. Roche of reasonable diligence is to be determined by judging its efforts in the Territory taken as a whole. If F. Roche fails to exercise such diligence, PDL may terminate this Agreement and F. Roche's rights hereunder pursuant to Section 7.04 below.

5.02 Reimbursement for Costs of Patent Applications.

(a) F. Roche agrees to reimburse PDL for all ex parte out-of-pocket expenses incurred by PDL after the Effective Date hereof in connection with the prosecution and maintenance in the Territory of patent applications and patents included within the Sole PDL Patents or Joint Roche-PDL Patents for which PDL makes filings pursuant to Article IX of the PDL/Roche Agreement ("Foreign Filing Expenses"). F. Roche shall make such payments to PDL no less frequently than semi-annually, within thirty (30) days after submission by PDL of a reasonably itemized statement of such expenses incurred by PDL during the relevant six-month period. Notwithstanding the foregoing, F. Roche shall not be obligated to reimburse PDL for such expenses exceeding an aggregate of [ ] in any calendar year.

(b) Prior to the filing of a patent application in the Territory, PDL shall inform F. Roche concerning such proposed filing and shall consult with F. Roche concerning the proposed filing procedures, including specifically the determination of the scope of any such patent and the countries in which such application is to be filed. PDL shall regularly advise F. Roche of any substantial action or development in the prosecution of its patent applications and patents in the Territory, in particular of the question of scope of, the issuance of, the rejection of, or an opposition to any respective patent application or patent.

(c) F. Roche shall be entitled to a credit against royalties payable hereunder as provided in Section 3.03 hereof.

VI. OWNERSHIP OF TECHNOLOGY

6.01 PDL Technology. Ownership of the PDL Know-How and Sole PDL Patents shall remain vested at all times in PDL. Notwithstanding the provisions of Section 2.01, PDL expressly reserves under this Agreement (i) all rights to use the PDL Know-How and Sole PDL Patents to make, have made, use and sell anywhere in the world all products not within the Field and (ii) the right to use the PDL Know-How and Sole PDL Patents for PDL's internal

research purposes in the Field.

6.02 Joint Inventions and Joint Roche-PDL Patents. Ownership of Joint Inventions and Joint Roche-PDL Patents shall be vested jointly in PDL and Roche. F. Roche shall have the exclusive right to make, have made, use or sell any Joint Invention or Joint Roche-PDL Patent in the Field within the Territory during the term of the Agreement. Both parties shall have the non-exclusive right to make, have made, use or sell any Joint Invention or Joint Roche-PDL Patent outside the Field during the term of the Agreement, and neither party shall be obligated to account to the other for such use. Upon the expiration or termination of the Agreement, both parties shall have the non-exclusive right to make, have made, use or sell any Joint Invention or Joint Roche-PDL Patent without restriction and without any obligation to account to the other party for such use. Notwithstanding the foregoing or the provisions of Section 2.01, PDL expressly reserves the right to use Joint Inventions and Joint Roche-PDL Patents for PDL's internal research purposes in the Field and to carry out its obligations under the PDL/Roche Agreement.

6.03 F. Roche Inventions. PDL hereby acknowledges that this Agreement does not grant PDL any ownership rights in the F. Roche Inventions.

VII. TERM AND TERMINATION

7.01 Term. Unless earlier terminated pursuant to the terms of this Article VII, this Agreement shall remain in effect until the later of (a) the date of expiration of the last to expire of any Valid Claims in any country or (b) the date of the [ ] anniversary of Initial Commercialization of the last Licensed Product to be introduced by F. Roche hereunder, at which time this Agreement shall automatically expire.

7.02 Termination by Mutual Agreement. This Agreement may be terminated by the written agreement of the parties.

7.03 Termination by F. Roche. F. Roche may terminate this Agreement upon ninety (90) days written notice to PDL.

7.04 Termination by Default. If either party defaults in the performance of, or fails to be in compliance with, any material agreement, condition or covenant of this Agreement, the party not in default may terminate this Agreement at its option; provided, however, that if such event of default or non-compliance is the first occurrence of an event giving rise to the right of termination pursuant to this Section 7.04, the non-defaulting party may terminate this Agreement only if such default or noncompliance shall not have been remedied, or steps initiated to remedy the same to the other party's reasonable satisfaction within sixty (60) days after receipt by the defaulting party of a written notice thereof from the other party. If PDL terminates the PDL/Roche Agreement pursuant to Section 11.04 thereof, PDL may elect to simultaneously terminate this Agreement upon written notice to F. Roche. If Roche terminates the PDL/Roche Agreement pursuant to Section 11.04 thereof, F. Roche may elect to simultaneously terminate this Agreement upon written notice to PDL.

7.05 Inventory. Upon termination of this Agreement, PDL hereby grants F. Roche a license to sell within one (1) year of such termination any Licensed Products in F. Roche's or its Affiliates or sublicensee's inventory on the date of such termination, which have not previously been sold ("Inventory"); provided, however that F. Roche shall pay the royalties due on such Inventory in the amounts and manner provided for in Articles III and IV.

7.06 Return of Materials. Subject to Section 7.08 hereof concerning archival copies, upon termination of this Agreement by F. Roche pursuant to Section 7.03 or by either or both parties pursuant to Sections 7.02 or 7.04, F. Roche forthwith shall return to PDL all cell lines and their progeny, antibodies and other biological materials provided by PDL under the PDL/Roche Agreement.

7.07 Rights and Obligations on Termination or Expiration. Unless expressly provided to the contrary, the provisions of Sections 3.06 and 5.03 and Articles IV, VIII, IX and XI shall survive the termination of this Agreement. Upon the expiration of this Agreement pursuant to Section 7.01 above, if it is not otherwise terminated pursuant to this Article VII, PDL shall grant to F. Roche a [ ] license to use the PDL Know-How and Sole PDL Patents and cell lines delivered by PDL pursuant to the PDL/Roche Agreement, but only to the extent necessary to make, have made, use and sell Licensed Products in the Field within the Territory.

7.08 Archival Copies. Section 7.06 notwithstanding, each party shall be entitled to keep for archival purposes one copy of all written materials returned to the other party pursuant to Section 7.06.

VIII. CONFIDENTIALITY, DISCLOSURE AND PUBLICATIONS

8.01 Confidentiality. During the term of this Agreement and for a period of five (5) years following expiration or termination of this Agreement, each party shall maintain in confidence all information and materials including, but not limited to, cell lines, their progeny, and antibodies, disclosed by the other party hereto which such party knows or has reason to know are or contain trade secrets or other proprietary information of the other, including, without limitation, information relating to the PDL Know-How, PDL Patents, Joint Inventions and inventions of the other party, and the business plans of the other party, including, without limitation, information provided by either party to the other party hereto prior to the Effective Date, and shall not use such trade secrets or proprietary information for any purpose, including, without limitation, for the purpose of developing products in the Field except as permitted by this Agreement or disclose the same to anyone other than those of its Affiliates, sublicensees, employees, consultants, agents or subcontractors as are necessary in connection with such party's activities as contemplated in this Agreement. Each party shall be responsible for ensuring compliance with these obligations by such party's Affiliates, sublicensees, employees, consultants, agents and subcontractors. Each party shall use a similar effort to that which it uses to protect its own most valuable trade secrets or proprietary information to ensure that its Affiliates, sublicensees, employees, consultants, agents and subcontractors do not disclose or make any unauthorized use of trade secrets or proprietary information of the other party hereto. Each party shall notify the other promptly upon discovery of any unauthorized use or disclosure of the other's trade secrets or proprietary information.

8.02 Exceptions. The obligation of confidentiality contained in this Agreement shall not apply to the extent that (a) either party (the "Recipient") is required to disclose information by order or regulation of a governmental agency or a court of competent jurisdiction or (b) the Recipient can demonstrate that (i) the disclosed information was at the time of such disclosure by the Recipient already in the public domain other than as a result of actions of the Recipient, its Affiliates, employees, licensees, agents or subcontractors, in violation hereof; (ii) the disclosed information was rightfully known by the Recipient or its Affiliates (as shown by its written records) prior to the date of disclosure to the Recipient in connection with the negotiation, execution or performance of this Agreement; or (iii) the disclosed information was received by the Recipient or its Affiliates on an unrestricted basis from a source unrelated to any party to this Agreement and not under a duty of confidentiality to the other party, or (c) the Recipient can demonstrate that disclosure to a regulatory authority is required by its product license approval process.

IX. DISPUTE RESOLUTION

9.01 Arbitration. Any claim, dispute or controversy arising out of or in connection with or relating to this agreement or the breach or alleged breach thereof shall be submitted by the parties to arbitration by the American Arbitration Association in Santa Clara County, California under the commercial rules then in effect for that Association except as provided herein. All proceedings shall be held in English and a transcribed record prepared in English. The parties shall choose, by mutual agreement, one arbitrator within thirty (30) days of receipt of notice of the intent to arbitrate. If no arbitrator is appointed within the times herein provided or any extension of time which is mutually agreed upon, the Association shall make such appointment within thirty (30) days of such failure. The award rendered by the arbitrator shall include costs of arbitration, reasonable attorneys' fees and reasonable costs for expert and other witnesses, and judgment on such award may be entered in any court having jurisdiction thereof. The parties shall be entitled to discovery as provided in Sections 1283.05 and 1283.1 of the Code of Civil Procedure of the State of California, whether or not the California Arbitration Act is deemed to apply to said arbitration. Nothing in this Agreement shall be deemed as preventing either party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the parties and the subject matter of the dispute as necessary to protect either party's name, proprietary information, trade secrets, know-how or any other proprietary right. If the issues in dispute involve scientific or technical matters, any arbitrator chosen hereunder shall have educational training and/or experience sufficient to demonstrate a reasonable level of knowledge in the field of biotechnology. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

X. FORCE MAJEURE

10.01 If either party shall be delayed, interrupted in or prevented from the performance of any obligation hereunder by reason of force majeure including an act of God, fire, flood, earthquake, war (declared or undeclared), public disaster, strike or labor differences, governmental enactment, rule or regulation, or any other cause beyond such party's control, such party shall not be liable to the other therefor; and the time for

performance of such obligation shall be extended for a period equal to the duration of the contingency which occasioned the delay, interruption or prevention. The party invoking such force majeure rights of this subparagraph must notify the other party by registered letter within a period of fifteen (15) days, from the first and last day of the force majeure unless the force majeure renders such notification impossible in which case notification will be made as soon as possible. If the delay resulting from the force majeure exceeds six (6) months, both parties shall consult together to find an appropriate solution.

XI. MISCELLANEOUS

11.01 Representations of PDL. PDL represents and warrants to F. Roche that, except as may otherwise be disclosed in writing to F. Roche:
(a) PDL has the full right and authority to enter into this Agreement;

(b) to the best knowledge of PDL after reasonable investigation, no third party has any right, title or interest in the Sole PDL Patents or PDL Know-How as the result of such third party's former employment of any PDL employee;

(c) PDL is not aware of any patent or other proprietary rights of third parties which might be infringed by the Sole PDL Patents or the PDL Know-How.

11.02 Assignment. This agreement and the licenses herein granted other than the PDL/Roche Agreement relating to the same Field but for the Roche Territory shall be binding upon and shall inure to the benefit of, successors of the parties hereto, or to an assignee of all of the good will and entire business and assets of a party hereto relating to pharmaceutical and veterinary products but shall not otherwise be assignable without the prior written consent of the other party, which consent will not be unreasonably withheld.

11.03 Entire Agreement. This Agreement and the PDL/Roche Agreement constitute the entire Agreement between the parties hereto with respect to the within subject matter and supersede all previous Agreements, whether written or oral. This Agreement shall not be changed or modified orally, but only by an instrument in writing signed by both parties.

11.04 Severability. If any provision of this Agreement is declared invalid by an arbitrator pursuant to Section 9.01 or by a court of last resort or by any court or other governmental body from the decision of which an appeal is not taken within the time provided by law, then and in such event, this Agreement will be deemed to have been terminated only as to the portion thereof which relates to the provision invalidated by that decision and only in the relevant jurisdiction, but this Agreement, in all other respects and all other jurisdictions, will remain in force; provided, however, that if the provision so invalidated is essential to the Agreement as a whole, then the parties shall negotiate in good faith to amend the terms hereof as nearly as practical to carry out the original intent of the parties, and, failing such amendment, either party may submit the matter to arbitration for resolution pursuant to Section 9.01.

11.05 Indemnification. F. Roche shall defend, indemnify and hold harmless PDL, its trustees, officers, agents and employees harmless from any and all liability, demands, damages, expenses, and losses of any kind, including those resulting from death, personal injury, illness or property damage arising (i) out of the manufacture, distribution, use, testing, sale or other disposition, by F. Roche, an Affiliate of F. Roche, or any distributor, customer, sublicensee or representative of F. Roche or anyone in privity therewith, of any Licensed Product, or any cell lines, their progeny, or other biological materials provided by PDL pursuant to the PDL/Roche Agreement, method, process, device or apparatus licensed or provided by PDL to F. Roche hereunder, or (ii) as a result of practicing a Joint Invention, or using PDL Know-How or PDL Patents licensed to F. Roche under this Agreement, except where such claim is based on the negligent acts of commission or omission of PDL.

11.06 Notices. Any notice or report required or permitted to be given under this Agreement shall be in writing and shall be mailed by certified or registered mail, or telexed or telecopied and confirmed by mailing, as follows and shall be effective five (5) days after such mailing:

If to PDL:
Protein Design Labs, Inc.
3181 Porter Drive
Palo Alto, California 94304
Attention: President

Copy to:

Gray Cary Ware & Freidenrich
400 Hamilton Avenue
Palo Alto, California 94301-1809
Attn: Marta L. Morando, Esq.

If to F. Roche:
F. Hoffman - La Roche & Co.
Limited Company
Grenzacherstrasse 124
CH-4002 Basle, Switzerland
Attention: Law Department

11.07 Choice of Law. The validity, performance, construction, and effect of this Agreement shall be governed by the laws of the State of California, United States of America.

11.08 Publicity. Both parties agree to issue mutual press releases concerning their entry into this Agreement, with the content of such releases to be approved in advance by both parties. In all other respects, neither party shall use the name of the other party in any publicity release without the prior written permission of such other party, which shall not be unreasonably withheld. The other party shall have a reasonable opportunity to review and comment on any such proposed publicity release. Except as required by law, neither party shall publicly disclose the terms of this agreement or its terms and conditions unless expressly authorized to do so by the other party which authorization shall not be unreasonably withheld. In the event that disclosure shall be agreed upon then the parties will work together to develop a mutually acceptable disclosure.

11.09 Headings. The captions used herein are inserted for convenience of reference only and shall not be construed to create obligations, benefits, or limitations.

11.10 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall be regarded as one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

PROTEIN DESIGN LABS, INC.
By /s/ Laurence Jay Korn
Title: President
Date: 16 March 1989

F. HOFFMANN-LA ROCHE & CO.
LIMITED COMPANY

By /s/ W. Herr. /s/ Pp Lunti
Title: Corporate Licensing Law Department
Date: March 16, 1989

Solely with respect to the granting of rights in Joint Roche-PDL Patents to F. Roche, Roche hereby joins in this Agreement.

HOFFMANN-LA ROCHE INC.

By /s/ Irwin Lerner
Title: President and CEO
Date: March 16, 1989

APPENDIX A
Sole PDL Patents

T&T DOCKET NO.	TITLE	INVENTORS	FILING DATE	SERIAL NO.	STATUS
11823-1	Closing and Expressions of Phospholipase C Genes	Tso and Queen	Dec. 15, 1987	132,387	Pending
11823-4	IL-2 Receptor-Specific Chimeric Antibodies	Queen	Apr. 15, 1988	182,682	Pending
11823-5	Chimeric Antibody Production	Queen	Sep. 28, 1988	233,037	Pending
11823-7	Cellular Toxic Conjugates	Queen	Nov. 23, 1988	275,462	Pending

11823-7-1 (Comb. of `387 and `462)	Cellular Toxic Conjugates	Queen, Chovnick, Schneider and Tso	Dec. 15, 1988 (Canada & PCT for Japan & EPO)	PCT/US88/ 04493	Pending
11823-7-2 (Comb. of `387 and `462)	Cellular Toxic Conjugates	Queen, Chovnick, Schneider and Tso	Dec. 28, 1988	290,968	Pending
11823-8	Novel IL-2 Receptor Specific Human Immunoglobulins	Queen and Selleck	Dec. 28, 1988	290,975	Pending
11823-9	Humanized Antibody Production	Queen	Feb. 13, 1989	310,252	Pending

APPENDIX B

EC Countries
Belgium
Denmark (including Iceland)
France
Germany
Greece
Ireland
Italy
Luxembourg
Netherlands
Portugal
Spain
United Kingdom (Scotland, England, Wales, Northern Ireland, Channel Islands, Isle of Man)

As soon as it is perceivable that one country of the Territory may join the EC or withdraw or become excluded from the EC, this APPENDIX B shall be adapted accordingly.

EXHIBIT 10.11

CONFIDENTIAL TREATMENT REQUESTED

AGREEMENT

This Agreement is made as of the 30th day of November, 1989 by and between PROTEIN DESIGN LABS, INC. a corporation organized and existing under the laws of the State of Delaware and having its principal office at 3181 Porter Drive, Palo Alto, California 94304 (hereinafter referred to as "PDL"), and SLOAN-KETTERING INSTITUTE FOR CANCER RESEARCH, a not-for-profit corporation organized and existing under the laws of the State of New York and having its principal office at 1275 York Street, New York, New York 10021 (hereinafter referred to as "SKI").

WITNESSETH

WHEREAS, SKI has certain clinical and preclinical data, information and patent rights relating to the production and use of M195 monoclonal antibody ("M195");

WHEREAS, SKI desired to have M195 monoclonal antibody developed and made available on reasonable terms for general use in the treatment of human diseases and for those purposes is willing to grant a license;

WHEREAS, PDL has or has access to the research and development capability, the manufacturing capacity and the marketing ability needed to manufacture and sell M195 monoclonal antibody products in the United States and abroad;

WHEREAS, PDL desires to obtain, and SKI is willing to grant, a license under the Licensed Patents and Technical Information and Know-How upon the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I - DEFINITIONS

For the purposes of this Agreement, the following words and phrases shall have the following meanings:

1.1 "Affiliate" shall mean
(a) with respect to PDL, any corporation which directly or indirectly controls, is controlled by or is under common control with the party in question, control being the ownership of at least 50% of the outstanding voting stock of such corporation, including directors' qualifying shares owned beneficially, and having the power to vote for directors, and
(b) with respect to SKI, Memorial Sloan-Kettering Cancer Center or Memorial Hospital for Cancer and Allied Diseases (collectively referred to as "Memorial"), and any present or future corporation or other entity effectively, at the time in question, under the control of or under common control with, SKI or Memorial.

1.2 "Combination Product(s)" means any End Product containing both an agent or ingredient which constitutes a Licensed Product and one or more other active agents which do not constitute Licensed Products.

1.3 "End Product(s)" means commercially marketable goods incorporating a Licensed Product which goods are sold in a form for therapeutic use and are not intended or marketed for further formulation, processing, repackaging or relabelling prior to such use. End Products shall include any Combination Product.

1.4 "Field" shall mean the therapeutic treatment of hematologic malignancies, including but not limited to leukemia and lymphoma; the Field shall not include diagnostics.

1.5 "Licensed Patents" shall mean United States and foreign patents and patent applications owned or controlled by SKI or its Affiliates relating to M195 Antibodies at any time during the term of this Agreement, and the United States patents and foreign patents issuing from said United States and foreign patent applications or later-filed foreign application based upon any of said United States patents and application and any divisions, continuations, continuations-in-part, reissues or extensions of any of the foregoing.

1.6 "Licensed Product(s)" shall mean materials (a) that contain DNA or protein sequences which encode for all or a portion of any M195 Antibody, provided that any portion must include at a minimum the entire binding domain

(complementarity determining regions) of such M95 Antibody, and (b) which were derived from hybridoma cell lines provided to PDL by SKI pursuant to this Agreement; however, Licensed Products shall exclude any murine M195 Antibody which is radiolabelled. All Licensed Products shall fall into one of two classes:

Class 1 Products shall consist of one or more of the hybridoma cell lines provided by SKI hereunder or the monoclonal antibodies secreted by any such cell line when sold as End Products without any substantial modification, or if modified by means other than genetic engineering.

Class 2 Products shall consist of all other Licensed Products produced by genetic engineering, including, but not limited to, the following: less than full-length antibody forms such as Fv, Fab, and F(ab')2; single-chain antibodies; hybrid antibodies; chimeric immunoglobulins (i.e., proteins constructed with immunoglobulin variable and constant regions from different antibodies); humanized immunoglobulins (i.e., an immunoglobulin comprising a substantially human framework region and one or more CDR's from a nonhuman immunoglobulin); and immunoglobulin conjugates composed of an immunoglobulin polypeptide bound to a toxin, label or other compound.

1.7 "M195 Antibody(ies)" shall mean (a) the M195 monoclonal antibody as described in Tanimoto, M. et al., Leukemia, Vol. 3, No. 5, May 1989, pages 339-348 and (b) any other antibody binding to the CD33 antigen which is developed, discovered or acquired by Dr. David Scheinberg or personnel under his supervision while associated with SKI or its Affiliates prior to June 30, 1993 and which PDL elects to have covered by this Agreement pursuant to Section 3.3 below.

1.8 "Net Sales" shall mean (a) with respect to sales of End Products by PDL, the gross sales price received for such End Products by PDL, the gross sales price received for such End Products less the following items to the extent they are paid or allowed and included in the invoice price:
(i) Usual trade discounts actually allowed:
(ii) Packing costs;
(iii) Import, export, excise, sales taxes, and customs duties;
(iv) Costs of insurance and transportation from the place of manufacture to the customer's premises; and
(v) Credit for returns, allowances, or trades;
and, (b) with respect to sales of End Products by a Sublicensee, the gross sales price received by the Sublicensee in respect of the sales of End Products, less such amounts for discounts, credits, transportation costs, taxes and other expenses as may be deductible by the Sublicensee for purposes of the payments Sublicensee is obligated to make to PDL pursuant to the written agreement between PDL and the Sublicensee.
In the case of Combination Products for which the agent or ingredient constituting a Licensed Product and each of the other active agents or ingredients not constituting Licensed Products have established market prices when sold separately, Net Sales shall be determined by multiplying the Net Sales for each such Combination Product by a fraction, the numerator of which shall be the established market price for the Licensed Product(s) contained in the Combination Product and the denominator of which shall be the sum of the established market prices for the Licensed Product(s) plus the other active agents or ingredients contained in the Combination Product. When such separate market prices are not established, then the parties shall negotiate in good faith to determine a fair and equitable method of calculating Net Sales for the Combinational Product in question.

1.9 "Program" shall mean the collaborative research program generally described in Articles IV and V hereof and conducted at SKI under the direction of Dr. David A. Scheinberg (or his successor appointed by SKI with the consent of PDL which shall not be unreasonably withheld), and at PDL under the direction of Dr. Laurence J. Korn (or under the direction of such other person at PDL or a Sublicensee of PDL as Dr. Korn may designate).

1.10 "Sublicensee" shall mean any person who receives a sublicense from PDL pursuant to Article II hereof.

1.11 "Technical Information and Know-How" shall mean any and all technical data, information, material (including the cell lines delivered to PDL hereunder, antibodies, fragments thereof and gene sequences therefrom, and all other biological materials and samples) and other know-how which:
(a) relates to M195 Antibodies, including, without limitation, physical and chemical and biological data and materials (including antibodies and fragments thereof and gene sequences therefrom), toxicological and pharmacological data, clinical data, veterinary data, medical uses, product forms and product formulations, specifications and techniques;

(b) relates to methods, processes and techniques for the manufacture or use of Licensed Products including, without limitation, preparation, recovery and packaging, and sterilization processes and techniques, dosage regimens, control assays and specifications.

1.12 "Valid Claim" shall mean an unexpired claim in any issued Licensed Patent which has not been disclaimed or held unenforceable or invalid by a governmental agency or court by a decision or decree beyond right of review.

ARTICLE II - GRANT

2.1 SKI hereby grants to PDL and its Affiliates an exclusive, worldwide right and license, with the right to sublicense, (a) to make, use, and sell Licensed Products for use in the Field under the Licensed Patents, and (b) to use in the Field the Technical Information and Know-How provided by SKI or its Affiliates.

2.2 Set forth in Schedule A attached hereto is a list of patents or patent applications owned or controlled by SKI or its Affiliates comprising the Licensed Patents. SKI shall update this list annually by delivering to PDL an amended Schedule A.

ARTICLE III - CERTAIN OBLIGATIONS AND REPRESENTATIONS OF SKI

3.1 Promptly following the execution of this Agreement, if not previously delivered, SKI shall deliver to PDL a viable hybridoma cell line producing the M195 monoclonal antibody. SKI shall deliver to PDL such additional samples of this cell line from time-to-time as may be reasonably required by PDL to carry out its activities under this Agreement.

3.2 SKI and its Affiliates shall, promptly following the discovery, development or acquisition of any antibody which would, subject to PDL's election pursuant to Section 3.3, constitute an M195 Antibody, (a) advise PDL thereof, (b) disclose to PDL all Technical Information and Know-How relating thereto, and (c) deliver to PDL a viable hybridoma cell line producing such M195 Antibody and such additional samples of such cell line from time-to-time as may be reasonably required by PDL to carry out its activities under this Agreement.

3.3 At PDL's election made by written notice to SKI, any antibody which is required to be disclosed to PDL under Section 3.2 shall be deemed to be an M195 Antibody for all purposes of this Agreement.

3.4 SKI represents and warrants to PDL that SKI is the sole owner of the Licensed Patents, the Technical Information and Know-How provided to PDL hereunder, and the cell lines delivered to PDL hereunder; and that SKI has the full unrestricted legal right to grant the license granted to PDL hereunder and to disclose to PDL the Technical Information and Know-How required to be disclosed to PDL hereunder.

3.5 All employees and agents of SKI and its Affiliates who are engaged in the development of M195 Antibodies or Technical Information and Know-How are, in accordance with SKI's written policy attached as Schedule B hereto, under obligation, and shall continue to be under obligation, to assign to SKI all rights relating to M195 Antibodies or Technical Information and Know-How.

3.6 In the event that SKI or its Affiliates develop or acquire an M195 Antibody which is radiolabelled, SKI shall notify PDL of such fact in writing. SKI hereby grants to PDL a right of first refusal to obtain rights in the Field to make, use and sell such radiolabelled M195 Antibody. If at any time SKI or its Affiliates shall desire to grant rights (by way of license, sale or otherwise) to any party to make, use or sell such radiolabelled M195 Antibody (other than rights to use such radiolabelled M195 Antibody solely for research purposes with no rights to sell or otherwise commercialize a product, or rights to use such radiolabelled M195 Antibody for diagnostic purposes), SKI shall give PDL written notice identifying the subject radiolabelled M195 Antibody and specifying all the principal terms and conditions on which SKI or its Affiliates proposes to grant such rights. PDL may exercise its rights of first refusal by written notice to SKI within ninety (90) days of receipt of SKI's notice, in which case the parties shall promptly enter into a written agreement on such terms and conditions as were specified in SKI's notice and such corollary terms as may be usual for agreements of that type. In the event that PDL fails to exercise its right of first refusal, SKI shall be entitled, for a period of one hundred twenty (120) days after the expiration of PDL's ninety (90) day period, to grant rights to the radiolabelled M195 Antibody identified in SKI's notice to a third party on the same terms and conditions as were specified in SKI's notice. Should SKI not consummate a grant of rights within such 120-day period, no subsequent grant may be made without first offering the rights to PDL in accordance with the right of first refusal granted in this Section 3.6

3.7 SKI represents and warrants to PDL that, to its best knowledge and

belief after reasonable investigation, no employee of SKI or its Affiliates has developed at SKI or its Affiliates or is working at SKI or its Affiliates on the development of an antibody binding to the CD33 antigen other than Dr. David Scheinberg or personnel under his supervision.

ARTICLE IV - DEVELOPMENT EFFORTS

4.1 To induce SKI to enter into this Agreement, PDL represents that during the term of this Agreement it will exercise commercially reasonable efforts to proceed with the development, manufacture, and sale of End Products.

4.2 PDL shall exercise commercially reasonable efforts to complete the following actions ("Milestones") by the following dates:

(a) on or prior to May 31, 1990, clone and sequence the genes for both the light and heavy chain of M195;

(b) on or prior to November 30, 1990:

(i) construct IgGl and IgG3 chimeric antibodies and do preliminary tests for binding affinity, complement fixation ("CDC") and antibody-dependent cellular cytotoxicity ("ADCC"),

(ii) complete the computer-aided design of humanized antibody sequence;

(c) on or prior to May 31, 1990:

(i) construct a humanized antibody and do preliminary tests for its binding affinity, CDC and ADCC, and

(ii) genetically link the M195 and genes encoding one or more toxins and perform cytotoxicity testing of the resulting immunotoxin.

4.3 (a) If PDL fails to achieve any Milestone by the date set forth above for such Milestone, the period for achieving such Milestone shall automatically be extended by up to three (3) months (the "First Extension") upon PDL's providing SKI with written notice of such failure with a reasonably detailed summary of actions taken by PDL to date and a plan for achieving the Milestone. If PDL fails to achieve any Milestone by the end of the First Extension for such Milestone, then, for up to an additional six (6) months or such lesser period until the Milestone is achieved (the "Second Extension"), PDL shall provide the services of at least an average of [ ] full-time scientific personnel (scientists and/or technicians) to work on achieving such Milestone. Notwithstanding the foregoing, in no event shall the aggregate of First Extensions and Second Extensions for all Milestones exceed an aggregate of nine (9) months. With respect to Milestone (c), PDL shall be deemed to have achieved such Milestone if it achieves either the goal described in clause (i) or the goal described in clause (ii) of Subsection 2.4(c) above.

(b) If PDL fails to achieve any Milestone by the end of the Second Extension for such Milestone, then SKI shall have the option to terminate PDL's rights to proceed to the next Milestone (the "Option") upon written notice to PDL within thirty (30) days after the expiration of the Second Extension. If SKI exercises the Option, PDL shall retain only the rights to commercialize the results of those Milestones which it has achieved, and all rights to commercialize the results of Milestones not achieved by PDL shall revert to SKI. Also, if (i) PDL has failed to achieve Milestone (c), (ii) SKI has exercised its Option, and (iii) PDL decides not to commercialize the results of Milestone (b), then SKI shall have a further option to commercialize the chimeric M195 Antibody developed by PDL pursuant to Milestone (b) by giving written notice to PDL and entering into a royalty agreement with PDL on terms to be negotiated by the parties in good faith.

4.4 SKI acknowledges that PDL may sublicense or subcontract portions of the development, testing, manufacture and/or sale of Licensed Products to a third party which may be a major pharmaceutical company ("Corporate Partner") and that, as part of such arrangement, the Corporate Partner may require the right to determine whether or not SKI shall conduct the activities described in this Section 4.4 and in Article V. PDL agrees, however, to require in its written agreement with the Corporate Partner that the Corporate Partner must consent to such activities being conducted by Partner must consent to such activities being conducted by SKI provided that all of the following conditions are met: (x) the technical, medical and scientific skills of SKI's principal investigator conducting such activities shall be acceptable in the reasonable judgment of the Corporate Partner; (y) SKI shall be able to supply an adequate number of patients for clinical trials in the reasonable judgment of the Corporate Partner; and (z) the protocols and procedures to be used or followed by SKI shall be mutually acceptable to SKI and the Corporate Partner. If there is no Corporate Partner, the foregoing three conditions must be met by SKI in PDL's reasonable judgment or, with respect to clause (z), to PDL's satisfaction. Subject to such conditions being met and the consent of the Corporate Partner being obtained (if required), PDL shall request that SKI undertake, and SKI shall undertake, the following action:

(a) promptly after receipt of a chimeric antibody by SKI:

(i) complete the biochemical/immunological testing thereof:

(ii) upon the mutual agreement of PDL and SKI, and at PDL's cost, scale up production of such chimeric antibody to produce such materials for a Phase I trial at Memorial Hospital for Cancer and Allied Diseases;
(iii) conduct a Phase I trial of such chimeric antibody;

(b) promptly after receipt of the humanized antibody:
(i) complete the biochemical/immunological testing of such humanized antibody;
(ii) upon the mutual agreement of PDL and SKI, and at PDL's cost, scale up production of such humanized antibody to produce such materials for a Phase I trial at Memorial Hospital for Cancer and Allied Diseases; and
(iii) conduct a Phase I trial of such humanized antibody;

(c) promptly after receipt of the M195 immunotoxin;
(i) complete the biochemical/immunological testing of such immunotoxin; and
(ii) conduct a Phase I trial of such immunotoxin.

4.5 Notwithstanding the provisions of Section 4.4 above, PDL shall be obligated to fund, and SKI shall be obligated to perform, only one of the following three activities described in Section 4.4: Section 4.4(a)(iii); Section 4.4(b)(iii), and Section 4.4(c)(ii). However, if PDL elects to fund more than one of such activities, PDL shall request that SKI undertake, and SKI shall undertake, those additional activities, subject to the conditions of Section 4.4 above.

ARTICLE V - DIRECT PROGRAM SUPPORT BY PDL

5.1 Subject to the consent of the Corporate Partner in accordance with Section 4.4, in the event that further clinical tests or trials are required in the United States in the course of obtaining market approvals for Licensed Products, and providing that SKI and its Affiliates have the capability of doing so, then SKI and its Affiliates shall have the right of first refusal to be the site at which such further tests or trials are performed. SKI agrees that such tests and trials shall be done at compensation equal to the median price paid to SKI and its Affiliates for similar tests and trials. In all cases and regardless of this right of first refusal, PDL and its Corporate Partner shall have the right to conduct such trials at additional sites.

ARTICLE VI - CONSIDERATION

6.1 For the rights, privileges and license granted hereunder, PDL shall pay or cause to be paid to SKI:

(a) a non-creditable license fee of [ ] payable in three installments of [ ], the first installment being due promptly after the execution of this Agreement, and the second and third installments being due on the first and second anniversaries, respectively, of the execution of this Agreement;

(b) payments in the amounts set forth below promptly after receipt of governmental approval of the marketing of Licensed Products in the United States, with such amounts being creditable against royalties due to SKI pursuant to Section 6.1(c) below at any time hereunder, provided that no individual royalty payment shall be reduced by more than fifty percent (50%) of the amount that would otherwise have been due for that quarter:
(i) for the treatment of acute nonlymphocytic leukemia (ANLL), [ ];
(ii) for the treatment of myelodysplastic syndrome (MDS), [ ];
(iii) for the treatment of chronic myelogenous leukemia (CML), [ ];
(iv) for the treatment prior to bone marrow transplant, [ ];

(c) a royalty of [ ] of the Net Sales of Class 1 End Products and [ ] of the Net Sales of Class 2 End Products sold by or for PDL, its Affiliates and Sublicensees where either (i) the End Product is covered by a Valid Claim in the country of sale, or (ii) the End Product is manufactured in a country where the method of manufacture is covered by a Valid Claim; and a royalty of [ ] of the Net Sales of Class 1 End Products and [ ] of the Net Sales of Class 2 End Products if the manufacture or sale of End Products is not covered by a Valid Claim in the country of manufacture or sale.

Such royalties shall be payable in each country until the expiration in such country of all Licensed Patents which, except for this Agreement, would be infringed by the manufacture, use or sale of End Products in such country or, if there is no such Licensed Patent in such country, for a period of [ ] years after the first marketing of End Products in such country.

6.2 No multiple royalties shall be payable because End Products, their manufacture, use or sale, are or shall be covered by more than one patent application or patent licensed under this Agreement.

6.3 Royalty payments shall be paid in United States dollars in New York, NY or at such other place as SKI may reasonably designate consistent with the laws and regulations controlling in any foreign country. Any taxes which PDL or any Affiliates or Sublicensee shall be required by law to withhold or pay on remittance of the royalty payments shall be deducted from royalty paid to SKI. PDL shall furnish SKI the original copies of all official receipts for such taxes. If any currency conversion shall be required in connection with the payment of royalties hereunder, such conversion shall be made by using the exchange rate prevailing at a first-class foreign exchange bank on the last business day of the calendar quarterly reporting period to which such royalty payments relate, or, in the case of sales by Sublicensees, using the exchange rates provided for in the written agreements between PDL and such Sublicensees.

6.4 In the event and to the extent that any payment due hereunder is subject to direct taxes levied or assessed by any government authority under the law of the country from which payment is made and there is a relevant treaty or other provision for the avoidance of double taxation or for other relief in respect of tax deducted at the source, PDL shall have the right to deduct from the payment any such taxes provided that PDL shall for each such deduction furnish to SKI a certificate or other documentary evidence executed in the matter required by the relevant government authority to enable SKI to obtain relief from double taxation or such other relief in respect of the tax so deducted.

6.5 Notwithstanding the provisions of Section 6.1(c) above, PDL's obligation to make payments hereunder shall be suspended for any period of time during which PDL, its Affiliates or Sublicensees are enjoined or otherwise prohibited from exercising the relevant rights under this license by the order or judgment of any court or other governmental authority based on actual or alleged infringement of any patent of a third party.

ARTICLE VII - REPORTS AND RECORDS

7.1 PDL shall keep full, true and accurate accounts containing all particulars that may be necessary for the purpose of showing the amount payable to SKI. Said books of account shall be kept at PDL's principal place of business. Said books and the supporting data shall be open for three (3) years following the end of the calendar year to which they pertain, to the inspection of an independent certified public accountant retained and paid by SKI for the purpose of verifying PDL's royalty statement, but not more frequently than once per year.

7.2 PDL agrees to make written reports and royalty payments to SKI within sixty (60) days after the close of each calendar quarter during the term of this Agreement, beginning with the quarter in which the first Net Sales occur. These reports shall show for the calendar quarter in question PDL's Net Sales on sales by it of the End Products on a country-by-country basis, details of the quantities of End Products sold in each country and the country of manufacture if different, and the royalty due to SKI thereon pursuant to Section 6.1(c) above, together with the same information for End Products sold by Sublicensees pursuant to Article II above. Notwithstanding the foregoing, with respect to sales of End Products by Sublicensees, PDL's reports hereunder shall be required to include only information regarding Net Sales of Sublicensees reflected in the reports required by Section 7.3 below which are received by PDL during the calendar quarter in question. Concurrently with the making of each such report, PDL shall make any payment due to SKI of royalties for the period covered by such report.

7.3 In order to facilitate the reporting and payment of royalties by PDL on Net Sales of End Products made by Sublicensees, PDL agrees to require, as a term of any sublicense agreement that the other party to such agreement shall render written reports to PDL of Net Sales of End Products by such party no less frequently than twice per year and in sufficient detail to enable the royalties payable by PDL hereunder to be determined ("Third Party Reports"). PDL shall also require such parties to keep records concerning such Net Sales for a period of at least three (3) years, and to permit reasonable examination of such records by PDL or an independent accounting firm reasonably satisfactory to PDL.

7.4 SKI agrees that the information set forth in (a) PDL's reports required by Sections 7.2, (b) PDL's records subject to examination under Section 7.1, and (c) all Third Party Reports shall be maintained in confidence by SKI and the independent accounting firm selected by SKI pursuant to Section 7.1, shall not be used by SKI or such accounting firm for any purpose other than verification of the performance by PDL of its obligations hereunder, and shall not be disclosed by SKI or such accounting firm to any other person.

ARTICLE VIII - TECHNICAL KNOW-HOW

8.1 Promptly after the execution of this Agreement, and during the first five (5) years of the term of this Agreement, SKI shall disclose and furnish to PDL all Technical Information and Know-How which is requested by PDL and which is known or possessed by SKI or any of its Affiliates; provided, however, that SKI shall not be obligated to disclose any such information after the execution of this Agreement from a third party pursuant to a written agreement which prohibits the disclosure thereof.

8.2 During the first five (5) years of the term of this Agreement, subject to any restrictions imposed upon PDL by a Corporate Partner, PDL shall disclose and furnish to SKI (for use in its research programs only) Technical Information and Know-How relevant to the clinical use of the Product which is requested by SKI and which is known or possessed by PDL or any of its Affiliates; provided, however, that PDL shall not be obligated to disclose any such information acquired after the execution of this Agreement from a third party pursuant to a written agreement which prohibits the disclosure thereof.

8.3 Each of the parties, for itself and its Affiliates, undertakes during the term of this Agreement, to hold in confidence and not to disclose the Technical Information and Know-How received from the other (a) in the case of PDL, to any third party, and (b) in the case of SKI, to any person other than Dr. David Scheinberg or personnel under his supervision and then such disclosure may be made only while such persons are associated with SKI or its Affiliates; provided that such undertaking shall not apply to any portion of said Technical Information and Know-How which:

(i) was known to the receiving party or any of its Affiliates prior to its receipt by the receiving party or any of its Affiliates hereunder;

(ii) is received at any time by the receiving party or any of its Affiliates in good faith from a third party lawfully in possession of the same and having the right to disclose the same;

(iii) is as of the date of the receipt by the receiving party or any of its Affiliates in the public domain or subsequently enters the public domain other than by reason of acts or omissions of the employees or agents of the receiving party or any of its Affiliates;

and provided further that nothing contained herein shall prevent PDL or any of its Affiliates from using and disclosing the Technical Information and Know-How received from SKI in connection with applying for and securing governmental authorizations for the marketing of Licensed Products, in connection with negotiations or discussions with a Corporate Partner provided that such disclosure takes place pursuant to a confidentiality agreement limiting use of the Technical Information and Know-How to evaluation of this license or operation pursuant to a subsequent sublicense agreement, or otherwise in the performance of their obligations under this Agreement.

8.4 Prior to public disclosure or submission for publication of a manuscript describing the results of any aspect of the Technical Information and Know-How, the party disclosing or submitting such a manuscript ("Disclosing Party") shall send the other party ("Responding Party") by express air-mail a copy of the manuscript to be submitted and shall allow the Responding Party a reasonable time period (not to exceed sixty (60) days from the date of mailing) in which to determine whether the manuscript contains subject matter of which patent protection should be sought (prior to publication of such manuscript) for the purpose of protecting an invention conceived or developed in connection with the parties' scientific collaboration hereunder, or whether the manuscript contains confidential information belonging to the Responding Party. After the expiration of sixty (60) days from the date of mailing such manuscript, the Disclosing Party shall be free to submit such manuscript for publication and publish or otherwise disclose to the public such research results. Should the Responding Party believe the subject matter of the manuscript contains confidential information or a patentable invention of substantial commercial value to the Responding Party, then prior to the expiration of sixty (60) days from the date of mailing of such manuscript to it by the Disclosing Party, Responding Party shall notify the Disclosing Party in writing of its determination that such manuscript contains such information or subject matter for which patent protection should be sought. Upon receipt of such written notice from the Responding Party, the Disclosing Party shall delay public disclosure of such information or submission of the manuscript for an additional period of sixty (60) days to permit preparation and filing of a patent application on the disclosed subject matter. The Disclosing Party shall thereafter be free to publish or disclose such information, except that the Disclosing Party may not disclose any confidential information of the Responding Party in violation of Section 8.3 hereof. Each Party agrees to give the other party reasonable opportunity to review and comment on any proposed publication arising from the Program. Determination of authorship for any paper or patent shall be in accordance with accepted scientific practice. Should any questions on authorship arise, this will be determined by good faith consultation between the parties.

ARTICLE IX - PATENT MATTERS

9.1 SKI shall seek prompt issuance of, and maintain, at its expense (for reimbursement pursuant to Paragraph 9.3 below), the Licensed Patents. SKI shall keep PDL informed of, and shall provide to PDL copies of, all applications and correspondence from or on behalf of SKI and its Affiliates to governmental patent offices, and all correspondence and documents received from governmental patent offices. SKI shall provide PDL with reports no less frequently than once per year listing all patents and patent applications which comprise the Licensed Patents identifying them by country and patent or application number, and briefly describing the status thereof, Prior to filing or amending any patent application which constitutes the Licensed Patents, SKI shall submit such application to PDL for its review and consultation.

9.2 If SKI shall decide to discontinue any such prosecution, or shall decide not to maintain any patent, or not to file a patent application on an invention under the Licensed Patents, or not file a patent application on an invention under the Licensed Patents, or not to file same in a particular country, it shall promptly notify PDL in writing and in reasonably sufficient time for PDL to assume such prosecution or maintenance, or file such patent application, and shall take the necessary steps and execute the necessary documents to permit PDL to assume the filing, prosecution or maintenance of the same at PDL's expense and control. All amounts paid by PDL shall be fully creditable as specified in Section 6.1(b) against royalties payable by PDL under Section 6.1(c).

9.3 PDL shall reimburse SKI on a quarterly basis for one-half (1/2) of all documented out-of-pocket expenses incurred by SKI after the execution of this Agreement in connection with
the filing, prosecution and maintenance of all Licensed Patents in countries agreed to by PDL. All amounts paid by PDL shall be fully creditable as specified in Section 6.1(b) against royalties payable by PDL under Section 6.1(c).

9.4 [ ]

9.5 PDL shall have a right of first refusal to obtain an exclusive license under any inventions or discoveries for therapeutic agents outside the Field, whether patentable or not, which are made by employees or agents of SKI or its Affiliates in the course of their activities under the Program.

9.6 (a) In the event of a joint invention or discovery in the Field made by one or more employees of both PDL and SKI or their respective Affiliates in the course of their activities under the Program, whether patentable or not, PDL shall have sole and exclusive rights to such invention or discovery, without any obligation to pay royalties or other consideration. SKI and its Affiliates shall cooperate in promptly taking all such actions and executing all such documents as may be reasonably necessary to vest in PDL exclusive ownership and rights to such invention or discovery.
(b) In the event of a joint invention or discovery outside the Field made by one or more employees of both PDL and SKI or their respective Affiliates in the course of their activities under the Program, whether patentable or not, PDL and SKI shall each have non-exclusive rights to such invention or discovery without any obligation to account to the other for use thereof. PDL and SKI shall consult together and cooperate in taking reasonable steps to protect such invention or discovery by patent or otherwise, with all costs to be shared equally. PDL shall have a right of first refusal to obtain sole and exclusive rights to any such invention or discovery by acquiring SKI's rights therein.

9.7 If PDL becomes aware of a suspected infringement of the Licensed Patents, it shall notify SKI in reasonable detail. If the alleged infringement consists of any act which, if done by PDL, would be within the scope of the license granted under this Agreement, SKI and PDL shall (within a reasonable tune of said notification) consult together with a view to agreeing upon a course of action to be pursued, which action shall be taken by SKI at SKI's sole expense. In addition, if any such infringement is resulting in sales of competing products by parties other than PDL and its Affiliates and Sublicensees exceeding [ ] of the sales of PDL, its Affiliates and Sublicensees for a period of six (6) months or more, then, in addition to PDL's rights under Section 10.4, PDL shall be entitled to reduce the royalty rates otherwise payable hereunder to the lower of the two rates provided for the relevant class of product as set forth in Section 6.1(c) until SKI has taken steps reasonably acceptable to PDL to prevent such unlicensed competition. Further, in such event, PDL shall be entitled to institute actions or proceedings as appropriate to prevent such infringement and PDL may retain any damages or other sums received by PDL in connection with such actions or proceedings.

9.8 SKI represents and warrants that, except as disclosed on

Schedule B, neither SKI nor any of its Affiliates is aware of any patent or other proprietary right of any third party which is or will be infringed by the Licensed Patents or the Technical Information and Know-How being provided by SKI hereunder, or by any acts contemplated by this Agreement. SKI and its Affiliates will inform PDL of any such potential infringement promptly upon becoming aware of such potential infringement.

9.9 [ ]

ARTICLE X - TERM AND TERMINATION

10.1 This Agreement shall be effective as of the date first written above and shall continue in effect until the expiration of the last to expire of the Licensed Patents or until all royalty obligations arising hereunder have terminated, whichever shall last occur.

10.2 Should PDL fail in its payment to SKI of royalties due in accordance with the terms of this Agreement, SKI shall have the right to serve notice upon PDL by certified mail at the address designated in Article XV hereof, of its intention to terminate this Agreement within thirty (30) days after receipt of said notice of termination unless PDL shall pay or cause to be paid to SKI within the thirty (30) day period, all such royalties due and payable. Upon the expiration of the thirty (30) day period, if PDL shall not have paid or cause to be paid all such royalties due and payable, the rights, privileges and license granted hereunder shall thereupon immediately terminate.

10.3 Upon any material breach or default of this Agreement by PDL, other than those occurrences set out in Paragraph 10.2 above which shall always take precedence in that order over any material breach or default referred to in this Paragraph 10.3, SKI shall have the right to terminate this Agreement and the rights, privileges and license granted hereunder by ninety (90) days' notice including a detailed explanation of the reasons for termination, by certified mail to PDL. Such termination shall become effective unless PDL shall have cured or caused to be cured any such breach or default prior to the expiration of the ninety (90) day period from receipt of SKI's notice of termination.

10.4 PDL may terminate this Agreement by giving SKI ninety (90) days' notice to that effect if (a) PDL considers that substantial unlicensed competition is seriously interfering with PDL's exploitation of the Licensed Patents under this Agreement and that SKI is not taking appropriate steps to seek to prevent such unlicensed competition, or (b) PDL determines to cease utilizing all license rights granted hereunder, or (c) SKI or any of its Affiliates commits any material breach or default of this Agreement which has not been cured within ninety (90) days' notice from PDL to SKI.

10.5 Upon termination of this Agreement for any reason, nothing herein shall be construed to release either party from any obligation that matured prior to the effective date of such termination. PDL and its Affiliates and Sublicensees may, however, after the effective date of such termination, sell all Licensed Products, and complete Licensed Products in the process of manufacture at the time of such termination and sell the same, provided that PDL shall pay to SKI the royalties thereon as required by Article VI of the Agreement and shall submit the reports required by Article VII hereof on the sale of Licensed Products. In addition, the obligations of confidentiality and indemnity set forth in Sections 7.4, 8.3, 12.1 and 12.2 shall survive the termination or expiration of this Agreement.

ARTICLE XI - ARBITRATION

11.1 Except as to issues relating to the validity, construction or effect of any patent licensed hereunder, any and all claims, disputes or controversies arising under, out of, or in connection with this Agreement, which have not been resolved by good faith negotiations between the parties, shall be resolved by final and binding arbitration under the rules of the American Arbitration Association. Arbitration shall take place in the State and County of the principal office of the party not initiating such arbitration. The arbitrators shall have no power to add to, subtract from or modify any of the terms or conditions of this Agreement. The award rendered by the arbitrator shall include costs of arbitration, reasonable attorneys' fees and reasonable costs for expert and other witnesses, and judgment on such award may be entered in any court having jurisdiction thereof. The parties shall be entitled to discovery as provided in Sections 1283.05 and 1283.1 of the Code of Civil Procedure of the State of California, whether or not the California Arbitration Act is deemed to apply to said arbitration. Nothing in this Agreement is deemed as preventing either party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the parties and the subject matter of the dispute as necessary to protect either party's name, proprietary information, trade secrets, know-how or any other proprietary right. If the issues in dispute involve scientific or technical matters, any arbitrator chosen hereunder shall have educational

training and/or experience sufficient to demonstrate a reasonable level of knowledge in the field of biotechnology. Any award rendered in such arbitration may be enforced by any of the parties in a court of competent jurisdiction.

11.2 Claims, disputes or controversies concerning the validity, construction or effect of any patent licensed hereunder shall be resolved in any court having jurisdiction thereof.

ARTICLE XII - PRODUCT LIABILITY

12.1 PDL shall at all times, during the term of this Agreement and thereafter, indemnify and hold SKI and its Affiliates and their directors, officers, agents and employees, harmless against all claims and expenses, including legal expenses and reasonable attorneys' fees, arising out of the death of or injury to any person or persons or out of any damage to property and against any other claim, proceeding, demand, expense and liability of any kind whatsoever resulting from the actions of PDL and its Affiliates and Sublicensees hereunder in the production, manufacture, sales, use, consumption or advertisement of Licensed Products, subject to SKI giving to PDL prompt notice of any such claim, giving to PDL full control of the defense or settlement of any such claim, and giving to PDL such reasonable assistance as PDL may request in the defense of such claim; provided, however, that the foregoing indemnity obligation shall not apply (i) where such claim, proceeding, demand, expense or liability is the result of negligence on behalf of SKI or its Affiliates, or its or their staff or agents, (ii) where such claim, proceeding, demand, expense or liability is the result of a failure by SKI or its Affiliates, or its or their staff or agents, to comply with any applicable FDA or other governmental requirement or to adhere to the terms of the protocols agreed to under Section 4.4(z), or (iii) where the activities of SKI or its Affiliates are not pursuant to, and in accordance with, an investigational new drug (IND) application approved by the FDA.

12.2 Except as may be provided otherwise in any clinical trial agreement subsequently executed by the parties hereto, SKI and its Affiliates shall at all times, during the term of this Agreement and thereafter, indemnify and hold PDL and its Affiliates and Sublicensees and their directors, officers, agents and employees, harmless against all claims and expenses, including legal expenses and reasonable attorneys' fees, arising out of the death of or injury to any person or persons or out of any damage to property and against any other claim, proceeding, demand, expense and liability of any kind whatsoever resulting from the actions of SKI and its Affiliates or its or their staff or agents in connection with their activities under the Program, subject to PDL giving to SKI prompt notice of any such claim, giving to SKI full control of the defense or settlement of any such claim, and giving to SKI such reasonable assistance as SKI may request in the defense of such claim.

ARTICLE XIII - ASSIGNMENT

PDL shall be entitled to assign its rights hereunder, without the written consent of SKI, in whole or in part, to (i) a successor of PDL's business, whether by merger, purchase or otherwise, or (ii) any Affiliate or Affiliates (which may be substituted directly hereunder for PDL) provided that such Affiliate has the technical competence and capability to discharge the obligations of PDL hereunder. At PDL's request, SKI shall enter into a separate counterpart agreement with any such assignee, it being expressly agreed that PDL shall remain bound by the obligations hereof. Such counterpart agreement shall be the same in form and substance except for necessary changes to reflect the extent of the assignment.
Neither party may otherwise assign this Agreement or any rights granted hereunder in whole or in part without prior written consent of the other party, which consent shall not be unreasonably withheld.

ARTICLE XIV - NON-USE OF NAMES

PDL shall not use the names of Sloan-Kettering Institute for Cancer Research nor of the Memorial Sloan-Kettering Cancer Center, nor of the Memorial Hospital For Cancer and Allied Diseases nor any adaptation thereof in any advertising, promotional or sales literature for the Licensed Products without prior written consent obtained from SKI in each case, which consent shall not be unreasonably withheld.

ARTICLE XV - PAYMENTS, NOTICES AND OTHER COMMUNICATIONS

Any payment, notice or other communication pursuant to this Agreement shall be sufficiently made or given on the date of mailing if sent to such party by certified first class mail, postage prepaid, addressed to it at its address below or as it shall designate by written notice given to the other party:
In the case of SKI:
Sloan-Kettering Institute for Cancer Research

1275 York Avenue
New York, NY 10021
Attention: Mr. James Quirk, Senior Vice President

In the case of PDL:
Protein Design Labs, Inc.
3181 Porter Drive
Palo Alto, California 94304
Attention: Laurence Jay Korn, Ph.D., President

with a copy to:
Marta L. Morando
Ware and Freidenrich
400 Hamilton Avenue
Palo Alto, California 94301

ARTICLE XVI - MISCELLANEOUS PROVISIONS

16.1 This Agreement shall be construed, governed, interpreted and applied in accordance with the laws of the State of California, USA except that questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent was granted.

16.2 The parties hereto acknowledge that this Agreement sets forth the entire Agreement and understanding of the parties hereto as to the subject matter hereof, and shall not be subject to any change or modification except by the execution of a written instrument subscribed to by the parties hereto.

16.3 The provisions of this Agreement are severable, and in the event that any provision of this Agreement shall be determined to be invalid or unenforceable under any controlling body of law, such invalidity or unenforceability shall not in any way effect the validity or enforceability of the remaining provisions hereof.

16.4 The failure of either party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party.

16.5 Neither party shall, without the consent of the other, originate any publicity, news release, or other public announcement, written or oral, whether to the public press, to stockholders, or otherwise, relating to the execution of this Agreement or any amendment hereto, save only such announcement or disclosure as in the opinion of legal counsel to the party making such announcement is required by law to be made. The party making such announcement will give the other party an opportunity to review the form of the announcement before it is made.

IN WITNESS WHEREOF, the parties hereto have caused this License Agreement to be executed by their duly authorized representatives as of the day and year first set forth above.

SLOAN-KETTERING INSTITUTE FOR CANCER RESEARCH

By:/s/ James S. Quirk
James S. Quirk
Senior Vice President

PROTEIN DESIGN LABS, INC.

By:/s/ Laurence J. Korn
Laurence Jay Korn, Ph.D.
President

SCHEDULE A
(Revised November ___, 1989)

Docket No.	Country	Patent Appln. No.	Filing Date	Patent Number	Issue Date

None

SCHEDULE B
(SKI's written policy per 3.5]

EXHIBIT 10.13

CONFIDENTIAL TREATMENT REQUESTED

AGREEMENT

Effective as of July 1, 1990, THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body having corporate powers under the laws of the State of California ("STANFORD"), and PROTEIN DESIGN LABS, INC., a Delaware company, having a principal place of business at 2375 Garcia Avenue, Mountain View, California 94043 ("PDL"), agree as follows.

1. BACKGROUND

1.1 STANFORD has the exclusive assignment to an invention entitled, "Method and Dosage Form Using an Antagonist to Gamma Interferon to Control MHC-Associated Autoimmune Disease" ("Invention[s]"), as described in Stanford Docket S87-029 and to any Licensed Patent(s), as hereinafter defined, which may issue to such Invention(s).

1.2 STANFORD desires to have the Invention(s) perfected and marketed at the earliest possible time in order that products resulting therefrom may be available for public use and benefit.

1.3 PDL desires to acquire an exclusive, worldwide license under said Invention(s) and Licensed Patent(s), for the purpose of undertaking development, to manufacture, use, and sell Licensed Product(s).

1.4 The Invention(s) was made in the course of research supported by the National Institutes of Health ("NIH").

2. DEFINITIONS

2.1 "Licensed Patent(s)" means any Letters Patent issued upon STANFORD's U.S. Patent Application, Serial Number 087,015, filed August 18, 1987, including the information contained in such application, with respect to the Invention(s), any foreign patents corresponding thereto, and/or any divisions, continuations, continuations-in-part, or reissue thereof. The table of currently pending patent applications is shown as Exhibit I.

2.2 "Licensed Product(s)" means any product or part thereof, the manufacture, use, or sale of which is covered by a valid claim of an issued, unexpired Licensed Patent(s) directed to the Invention(s). A claim of an issued, unexpired Licensed Patent(s) shall be presumed to be valid unless and until it has been disclaimed in writing by STANFORD or held to be invalid or not infringed by a final judgment of a court of competent jurisdiction from which no appeal can be or is taken.

2.3 "Net Sales" means the gross selling price of the Licensed Product(s) in the form in which it is sold or used, less the following items but only insofar as they actually pertain to the disposition of such Licensed Product(s) by PDL or sublicensee(s) and are included in such gross selling price, and (except Item [d]) are separately billed:

(a) Import, export, excise, value-added, and sales taxes, plus custom duties;

(b) Costs of insurance, packing, and transportation from the place of manufacture to the customer's premises or point of installation;

(c) Costs of installation at the place of use; and

(d) Credit for returns, allowances, or trades.

In the case of PDL's sublicensee(s), "Net Sales" may be defined as said sublicensee(s) normally calculate and define "Net Sales" so long as it is substantially similar to the above definition.

2.4 "Exclusive" means STANFORD shall not grant further licenses, subject to Article 4. STANFORD has not granted any licenses except for the license to the U.S. Government herein attached (Exhibit 2).

2.5 "Combination Product(s)" means Licensed Product(s) sold in a combination package or kit containing other active products, such as antibodies, antigens, and enzymes. Net Sales, for purposes of determining royalty payments on the combination package, shall be calculated using one of the following methods on a country-by-country basis:

(a) By multiplying the net selling price of that combination package by the fraction A/A+B; where A is the gross selling price, during the royalty paying period in question, of the Licensed Product(s) sold separately, and B is the gross selling price, during the royalty period in question, of the other active products sold separately; or

(b) If no such separate sales are made of the Licensed Product(s) or any of the active products in such combination package during the royalty paying period in question, Net Sales will be negotiated in good faith.

2.6 "PDL" means PDL and Affiliates. An Affiliate means any corporation or other business entity controlled by, controlling, or under common control with PDL. For this purpose, "control" means direct or indirect beneficial ownership of at least fifty percent (50%) of the voting stock, or at least fifty percent (50%) interest in the income of such corporation or other business.

2.7 "First Commercial Sale" means first sale of a non-orphan drug (as currently defined under U.S. law) Licensed Product(s) following FDA approval of such Licensed Product(s).

3. GRANT

3.1 STANFORD hereby grants and PDL hereby accepts a worldwide license, which includes the right to sublicense, to make, have made, use, and sell Licensed Product(s).

3.2 Said license shall be Exclusive for a term commencing as of July 1, 1990, and ending [ ] years from the date of First Commercial Sale of a Licensed Product(s) by PDL or its sublicensee(s); PDL agrees to promptly inform STANFORD in writing of the date of First Commercial Sale.

3.3 Upon request by PDL, STANFORD agrees to extend the period of exclusivity if, in STANFORD's judgment, such extension is justifiable, taking into consideration PDL's development costs and return on its investment.

3.4 After the Exclusive period, the license shall be nonexclusive until expiration of the last to expire of Licensed Patent(s).

3.5 STANFORD retains the right to practice the Invention(s) for its internal research purposes but will not commercialize the Invention(s).

4. GOVERNMENT RIGHTS

This Agreement is subject to all of the terms and conditions of Public Law 96-517 as amended to date, and PDL agrees to take all action reasonably necessary on its part as Licensee to enable STANFORD to satisfy its obligation thereunder with NIH, relating to any Invention(s). PDL is not obligated to disclose confidential information under this Article 4.

5. ROYALTIES

5.1 PDL agrees to pay to STANFORD a creditable, non-refundable license issue royalty fee of [ ] upon signing the Agreement.

5.2 PDL also shall pay a [ ] annual advance on earned royalties according to the following schedule:
(a) [ ] on July 1, 1991, if no Licensed Patent(s) has issued;
(b) [ ] on July 1, 1992, if no Licensed Patent(s) has issued;
and
(c) [ ] on each July 1 after a Licensed Patent(s) has issued
with a claim covering at least one (1) major autoimmune disease for as long as this license shall be Exclusive. During the nonexclusive period, if any, PDL will not be required to pay minimum annual advances.
All advance royalty payments are nonrefundable but they are creditable against earned royalties to the extent provided in Paragraph 5.4.

5.3 In addition, PDL shall pay STANFORD earned royalties
(a) [ ] on Net Sales by PDL and its sublicensee(s) of Licensed Product(s) during the period that the license to PDL is Exclusive; and
(b) [ ] of Net Sales during the period the license to PDL is nonexclusive.
If PDL is required to obtain additional licenses not covered by this Agreement in order to develop, manufacture, sell, or market Licensed Product(s), PDL may reduce its earned royalty payments to STANFORD by an amount equal to the sum of royalties under additional license(s) provided that the royalty paid to STANFORD will not be less than [ ] of the rates specified above.

5.4 Creditable payments under this Agreement shall be credited to PDL against up to [ ] of each earned royalty payment which PDL would be required to pay pursuant to Paragraph 5.3 until the entire credit is exhausted.

5.5 The royalty on sales in currencies other than U.S. Dollars shall be calculated using the appropriate foreign exchange rate for such currency quoted by the Bank of America (San Francisco) foreign exchange desk, on the close of business on the last banking day of each calendar quarter. Royalty and payments to STANFORD shall be in U.S. Dollars an shall be net of all non-U.S. taxes. In the case of PDL's sublicensee(s), the currency conversion exchange rate may be computed as sublicensee(s) normally computes such transactions.

6. REPORTS, PAYMENTS AND ACCOUNTING

6.1 Quarterly Royalty Payment and Report. PDL shall make written reports and royalty payments to STANFORD within ninety (90) days after the end of each calendar quarter following the First Commercial Sale. This report shall state the number, description, and aggregate Net Sales of Licensed Product(s) during such completed calendar quarter, and resulting calculation pursuant to Paragraph 5.3 of earned royalty payment due STANFORD for such completed calendar quarter. Concurrent with the making of each such report, PDL shall include payment due STANFORD of royalties for the calendar quarter covered by such report. In the case of sublicensee(s), PDL shall report sublicensee sales within thirty (30) days of receipt by PDL of sublicensee reports and pay STANFORD in the next applicable quarter.

6.2 Accounting. PDL agrees to keep records for a period of two (2) years showing the manufacturing, sales, use, and other disposition of products sold or otherwise disposed of under the license herein granted in sufficient detail to enable the royalties payable hereunder by PDL to be determined, and further agrees to permit its books and records to be examined by an independent Certified Public Accountant satisfactory to PDL nominated by STANFORD from time to time, but not more than once a calendar year, to the extent necessary to verify reports provided for in Paragraph 6.1. Such examination is to be made at the expense of STANFORD, and all information shall be treated confidentially by STANFORD.

6.3 Progress Report. On or before September 1, starting with September 1, 1991, of each year until PDL markets a Licensed Product(s), PDL shall make a written report to STANFORD covering the preceding year regarding the progress of PDL toward commercial use of Licensed Product(s). STANFORD will use all reasonable efforts to keep any progress report, if clearly marked "Confidential" confidential. Such report shall include, as a minimum, information sufficient to enable STANFORD to satisfy reporting requirements of the U.S. Government and for STANFORD to ascertain progress by PDL toward meeting the diligence requirements of Paragraph 12.1. If PDL does not submit the required reports, or if PDL has not demonstrated diligence as required by Paragraph 12.1, STANFORD may terminate upon failure of PDL to cure the defect within thirty (30) days after receipt of written notice from STANFORD.

6.4 PDL will reimburse STANFORD for any reasonable costs incurred by STANFORD after July 1, 1990, in connection with the filing, prosecution of patent applications, and maintenance of Licensed Patent(s), and these expenses shall be paid within thirty (30) days of receipt of invoice of such costs. With respect to foreign prosecution, STANFORD and PDL will agree on the countries in which to pursue patent protection. STANFORD will employ mutually agreeable patent counsel and keep PDL informed of patent prosecution.

7. NEGATION OF WARRANTIES

7.1 STANFORD warrants that STANFORD has an exclusive assignment to Licensed Patent(s) and that STANFORD has the right to grant licenses under Public Law 96-517 as amended.

7.2 Except for Paragraph 7.1, nothing in this Agreement is or shall be construed as:
(a) A warranty or representation by STANFORD as to the validity or scope of any Licensed Patent(s);
(b) A warranty or representation that anything made, used, sold, or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents, copyrights, trademarks, or other rights of third parties.
(c) An obligation to bring or prosecute actions or suits against third parties for infringement, except to the extent and in the circumstances described in Article 11, or
(d) Granting by implication, estoppel, or otherwise any licenses under patents of STANFORD or other persons other than Licensed Patent(s), regardless of whether such patents are dominant or subordinate to any Licensed Patent(s). STANFORD is aware of the following issued patents and pending applications which may or may not be infringed by PDL in practicing the claims of the Invention(s).

(i) U.S. Patent No. 4,237,224 issued December 2, 1980, U.S. Patent No. 4,468,464 issued August 28, 1984, and U.S. Patent No. 4,740,470 issued April 26, 1988 (Cohen-Boyer patents). PDL agrees that nothing in this Agreement grants PDL any express or implied license or right under or to the above Cohen-Boyer patents;
(ii) U.K. Patent Application No. 8607679 filed 27.03.86 (Winter patent);
(iii) U.S. Patent No. 4,816,397 issued March 28, 1989 (Celltech patent);
(iv) U.S. Patent No. 4,816,567 issued March 28, 1989 (Genentech patent); and
(v) U.S. Patent Application 644,473 filed August 27, 1984,

and all continuations, divisionals or continuations-in-part, and foreign counterparts (STANFORD/ Columbia University chimeric inventions).

7.3 Except as expressly set forth in this Agreement STANFORD MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF LICENSED PRODUCT(S) WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER RIGHTS.

8. INDEMNITY

8.1 PDL agrees to indemnify, hold harmless, and defend STANFORD and its trustees, officers, employees, students, and agents against any and all claims for death, illness, personal injury, property damage, and improper business practices arising out of the manufacture, use, sale, or other disposition of Invention(s), Licensed Patent(s), or Licensed Product(s) by PDL or sublicensee(s).

8.2 PDL agrees not to proceed with [ ] until the appropriate insurance limits have been mutually agreed upon in writing by STANFORD and PDL, provided that premiums for such insurance are reasonable and obtainable. Such insurance shall cover the activities of PDL contemplated by this Agreement, including public liability and product liability.

8.3 In order to meet the obligations of this Article 8, PDL agrees to notify STANFORD thirty (30) days prior to the onset of Phase III clinical trials and to inform STANFORD as to the expected number of patients participating in such clinical trials.

8.4 Insurance shall be procured and maintained with a reputable and financially secure insurance carrier. Such insurance shall include Stanford University, Stanford University Hospital, their trustees, directors, officers, employees, and agents, as additional insureds with respect to this Agreement, and shall provide that it shall not be canceled or materially altered except upon at least thirty (30) days written notice to STANFORD.

9. MARKING

When reasonable, prior to the issuance of patents on the Invention(s), PDL agrees to mark Licensed Product(s) (or its containers or labels) made, sold, or otherwise disposed of by it under the license granted in this Agreement with the words "Patent Pending," and following the issuance of one or more patents, with the numbers of the Licensed Patent, if applicable.

10. PROMOTIONAL ADVERTISING

PDL agrees not to identify STANFORD in any promotional advertising or other materials to be disseminated to the public or any portion thereof or to use the name of any STANFORD faculty member, employee, or student or any trademark, service mark, trade name, or symbol of STANFORD or the Stanford University Hospital, or that is associated with either of them, without STANFORD's prior written consent.

11. INFRINGEMENT BY OTHERS: PROTECTION OF PATENTS

11.1 Both parties shall promptly inform the other party of any suspected infringement of any Licensed Patent(s) by a third party. During the Exclusive period of this Agreement, STANFORD and PDL each shall have the right to institute an action for infringement of the Licensed Patent(s) against such third party in accordance with the following:
(a) If STANFORD and PDL agree to institute suit jointly, the suit shall be brought in both their names, the out-of-pocket costs thereof shall be borne equally, and any recovery or settlement shall be shared equally. PDL and STANFORD shall agree to the manner in which they shall exercise control over such action. STANFORD may, if it so desires, also be represented by separate counsel of its own selection, the fees for which counsel shall be paid by STANFORD;
(b) In the absence of an agreement to institute a suit jointly, PDL may institute suit, and, at its option, join STANFORD as a plaintiff. PDL shall bear the entire cost of such litigation and shall be entitled to retain the entire amount of any recovery or settlement;
(c) In the absence of an agreement to institute a suit jointly and if PDL has not notified STANFORD that it has decided to join in or institute a suit, as provided in (a) or (b) above, STANFORD may institute a suit and, at its option, join PDL as a plaintiff. STANFORD shall bear the entire cost of such litigation and shall be entitled to retain the entire amount of any recovery or settlement; and
(d) If STANFORD decides to institute suit, then it shall notify PDL in writing. PDL's failure to notify STANFORD in writing, within thirty (30) days after the date of the notice, that it will join in enforcing the patent pursuant to the provisions hereof, shall be and be deemed conclusively to be PDL's assignment to STANFORD of all rights, causes of action, and

damages resulting from any such alleged infringement and STANFORD shall be entitled to retain the entire amount of any recovery of settlement. Furthermore, at its option, STANFORD may join PDL as plaintiff.

11.2 Should either STANFORD or PDL commence a suit under the provisions of Paragraph 11.1 and thereafter elect to abandon the same, it shall give timely notice to the other party who may, if it so desires, continue prosecution of such suit, provided, however, that the sharing of expenses and any recovery in such suit shall be prorated as of the date the party elects to abandon the suit.

12. COMMERCIAL APPLICATION, SUBLICENSES

12.1 As an inducement to STANFORD to enter into this Agreement, PDL agrees to use commercially reasonable efforts and diligence to proceed with the development, manufacture, and sale of Licensed Product(s) and to develop markets for the Licensed Product(s), subject to any delays or hindrances beyond the control of PDL or due to force majeure. PDL intends to develop Licensed Product(s) according to the following schedule. Failure to meet the schedule will not be a breach of this Agreement as long as PDL can demonstrate to STANFORD's reasonable satisfaction PDL's diligence in developing Licensed Product(s):

June 1991:	Either produce and characterize, or complete the licensing of, a high-affinity, neutralizing anti-gamma interferon (anti-IFN) antibody.
December 1991:	Clone and sequence the light and heavy chain genes of the anti-IFN antibody.
June 1992:	Produce and characterize a mouse-human chimeric anti-IFN antibody. Complete the protein design of the (fully) humanized anti-IFN antibody.
December 1992:	Produce and characterize a high-affinity, humanized anti-IFN antibody.
June 1993:	Produce the humanized anti-IFN antibody in sufficient quality and quantity for animal toxicology studies.
December 1993:	Complete all toxicology studies required for IND submission. Create master cell bank and complete all cell tests (e.g., virology) needed for IND submission.
June 1994:	File IND for Phase I trials acceptable to FDA and designed to show some indication of efficacy as well as safety.
December 1994:	Complete Phase I trials.

12.2 If PDL is unable (except for reasons or circumstances beyond PDL's control) or unwilling to serve or develop a potential market for which there is a willing and capable sublicensee(s), PDL will, at STANFORD's request, negotiate in good faith a sublicense hereunder.

12.3 Any sublicense granted by PDL under this Agreement shall be subject and subordinate to terms and conditions of this Agreement, except:
(a) Sublicense terms and conditions shall reflect that any sublicensee(s) shall not further sublicense; and
(b) The earned royalty rates and other fees payable to PDL by PDL's sublicensee(s) may be at higher rates and fees than of this Agreement.
Any such sublicense shall also expressly include the provisions of Articles 6, 7 and 8 for the benefit of STANFORD.

13. TERMINATION

13.1 PDL may terminate this Agreement by giving STANFORD notice in writing at least thirty (30) days in advance of the effective date of termination selected by PDL.

13.2 STANFORD may terminate this Agreement if PDL:
(a) is in default in payment of royalty or providing of reports;
(b) is in breach of any provision hereof materially affecting this Agreement; or
(c) provides any materially false report;
and PDL fails to remedy any such default, breach, or false report within thirty (30) days after written notice thereof by STANFORD.

13.3 Surviving any termination are:
(a) PDL's obligation to pay royalties accrued or accruable;
(b) Any cause of action or claim of PDL or STANFORD, accrued or to accrue, because of any breach or default by the other party; and
(c) The application provisions of Articles 6, 7, and 3.

14. ASSIGNMENT

This Agreement may not be assigned except as part of a sale or transfer of substantially the entire business relating to operations pursuant to this Agreement.

15. ARBITRATION

15.1 Any controversy arising under or related to this Agreement, or any disputed claim by either party against the other under this Agreement excluding any dispute relating to patent validity or infringement arising under this Agreement, shall be settled in arbitration in accordance with the Licensing Agreement Arbitration Rules of the American Arbitration Association. Upon request of either party, arbitration will be by:
(a) A third party arbitrator mutually agreed upon in writing by PDL and STANFORD within thirty (30) days of such arbitration request; or
(b) A member of the American Bar Association selected in accordance with American Arbitration Association rules.
If the issues in dispute involve scientific or technical matters, any arbitrator chosen hereunder shall have educational training and/or experience sufficient to demonstrate a reasonable level of knowledge in the field of biotechnology.
Judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.

15.2 The parties shall be entitled to discovery at their own expense in like manner as if the arbitration were a civil suit in a general district court.

15.3 Any arbitration shall be held at Stanford, California, unless the parties hereto mutually agree in writing to another place.

16. NOTICES

All notices under this Agreement shall be deemed to have been fully given when done in writing and deposited in the United States mail, registered or certified, and addressed as follows:

To STANFORD: Office of Technology Licensing
Stanford University
857 Serra Street, 2nd Floor
Stanford, CA 94305-6225
Attention: Director, Technology Licensing

To PDL: Protein Design Labs, Inc.
2375 Garcia Avenue
Mountain View, CA 94043
Attention: President

Either party may change its address upon written notice to the other party.

17. APPLICABLE LAW

This Agreement shall be construed, interpreted, and applied in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate originals by their duly authorized officers or representatives.

THE BOARD OF TRUSTEES
OF THE LELAND STANFORD
JUNIOR UNIVERSITY

By: /s/ Katharine Ku
Title: Acting Director, Technology Licensing
Date: June 7, 1990

PROTEIN DESIGN LABS, INC.

By: /s/ Laurence Jay Korn

Title: President
Date: June 7, 1990

CONFIDENTIAL TREATMENT REQUESTED

Exhibit 1

TABLE OF PATENT APPLICATIONS AND PATENTS

Country	Patent Application Number	Patent Application Filing Date	Patent Number	Patent Issue Date	Patent Expiration Date
U.S.	[ ]	[ ]			
	[ ]	[ ]			
Australia	[ ]	[ ]			
Japan	[ ]	[ ]			
Europe	[ ]	[ ]			
Canada	[ ]	[ ]			

Exhibit 2

LICENSE TO THE UNITED STATES GOVERNMENT

WHEREAS, C. Jacob, H. McDevitt, P. van der Meide, and J. Holoshitz, of Stanford University, have invented "Method and Dosage Form Using An Antagonist To Gamma Interferon To Control MHC-Associated Autoimmune Disease" and filed a patent application thereon in United States bearing Serial No. 087.015 filing date August 18, 1988;

WHEREAS, the invention was made in the course of research supported by the Department of Health and Human Services; and

WHEREAS, the United States Government is entitled to certain rights in and to said invention and application by reason of the terms of such support; and

WHEREAS, the Stanford University, hereinafter called the "Licensor" has acquired by assignment from the inventor the entire right, title, and interest of the inventor to such invention;

NOW, THEREFORE

1. The Licensor, in consideration of the premises and other good and valuable considerations, hereby grants and conveys to the United States Government a royalty-free, nonexclusive and irrevocable license for governmental purposes and on behalf of any foreign government pursuant to any existing or future treaty or agreement with the United States under the aforesaid patent application, and any and all divisions or continuations, and in any and all patents or reissues which may be granted thereon during the full term or terms thereof. As used herein, "governmental purpose" means the right of the Government of the United States, including any agency thereof, to practice and have practiced (made or have made, used or have used, sold or have sold) in connection with programs funded in whole or in part by the Federal Government throughout the world by or on behalf of the Government of the United States.

2. The Licensor convenants and warrants that he has the right to grant the foregoing license, and that any assignment which he may make of the invention or the said patent applications or patents thereon, shall expressly be made subject to this license.

3. The Licensor agrees that the Government shall not be estopped at any time to contest the enforceability, validity, scope of, or title to, any patent or patent application herein licensed.

The Board of Trustees of the
Leland Stanford Junior University
(Institution)
/s/ Katharine Ku
(Signature)
Katharine Ku
(Print or type name)
November 8, 1988
(Date)
Associate Director, Technology Licensing
(Official Title)

I, Brenda Whitmarsh certify that I am the Asst. Secretary of the Institution named as Licensor herein; that Katherine Ku, who signed this License on behalf of the Institution is Assoc. Director, Tech. Licensing of said Institution; and that said License was duly signed for and in behalf of said Institution by authority of its governing body, and is within the scope of its corporate powers.

SEAL

/s/ Brenda Whitemarsh (Signature)

November 11, 1988 (Date)

EXHIBIT 10.14

CONFIDENTIAL TREATMENT REQUESTED

SOFTWARE LICENSE AGREEMENT
Between Protein Design Labs, Inc. and Molecular Applications Group

This Software License Agreement ("Agreement") is entered into by and among Protein Design Labs, Inc., a Delaware corporation having a place of business at 2375 Garcia Avenue, Mountain View, California 94043 ("PDL"), and Molecular Applications Group, a California corporation having a place of business at 880 Lathrop, Stanford, California 94305 ("MAG") and Michael Levitt, a natural person having a residence at 880 Lathrop, Stanford, California 94305 ("Levitt"). The effective date of this Agreement shall be September 1, 1990 ("Effective Date").
RECITALS:

A. MAG's president and sole shareholder, Levitt, is the developer of certain software described in Parts 1 ("Antibody Model") and II ("Other Software") of Exhibit A ("Product Description").

B. MAG is the exclusive licensee of, and has the right to sublicense, such software and is considering, but undertakes no obligation with respect to, the future development, acquisition or licensing of additional programs related to the modeling of proteins.

C. PDL desires to reproduce and use such software for its internal business purposes and to use one copy of a source code listing of certain of such software for the particular purposes described below.

D. PDL desires to obtain certain licenses with respect to the foregoing, subject to certain permitted academic uses of such software, all as more fully set forth below.

AGREEMENT:

In consideration of the mutual covenants and other valuable consideration set forth herein, the parties agree as follows:

1. Definitions.
For purposes of this Agreement, the following terms shall have the respective meanings indicated below.

1.1 Academic Use. "Academic Use" shall mean use of the Software, governed by a binding, signed agreement substantially as protective of PDL's rights as the form attached hereto as Exhibit B ("Academic License Agreement"), by Levitt's students and professional colleagues under Levitt's supervision ("Academic Users") for academic, non-commercial purposes or in the course of Levitt's consulting work for companies other than commercial companies.

1.2 License Term. "License Term" shall mean the term, as set forth in Paragraph 7 ("Term and Termination") below, of the licenses granted in this Agreement to the Other Software and, as set forth in Paragraph 4.1 ("Updates") below, to certain enhancements, error corrections, modifications and other programs.

1.3 Software. "Software" shall mean protein modeling software programs consisting of (a) certain existing programs, i.e., the Antibody Model and the Other Software and (b) other programs that MAG derives from such existing software or develops, acquires or obtains the right to sublicense during the term of this Agreement which are either:

(i) Changed or modified versions of the Software that correct defects contained in the Software on the Effective Date ("Corrected Software") or

(ii) Changed, modified or enhanced versions of the Software (other than Corrected Software) and new software programs that are applicable to the humanization of antibodies.

No software program, whether or not derived from the Software, that includes less than twenty-five percent (25%) of the source code of the Software in existence as of the Effective Date and that is not applicable to modeling the humanization of antibodies shall be considered to be Software for purposes of this Agreement.

2. License.

2.1 License Grant. MAG hereby grants to PDL a worldwide license to reproduce and use the Software within PDL (e.g., use by PDL's employees and consultants is within the scope of this license but PDL

has no right to sublicense). The foregoing license shall be for a perpetual term as to the Antibody Model and for the License Term as to the Other Software.

2.2 Exclusivity.

(a) MAG covenants that it will not, during the License Term, grant any further license permitting any party other than PDL to use or sublicense the Software; provided, however, that (i) MAG may grant a non-exclusive license permitting the internal use of the Other Software (e.g., without the right to sublicense), but not the Antibody Model, by E.I. duPont de Nemours & Co. and/or Amgen Inc. (including any subsidiary or affiliate thereof) and (ii) the foregoing restriction on MAG's rights shall end one (1) year following the Effective Date.

(b) PDL's license shall include an exclusive license (even as to MAG and its licensors) to use the Antibody Model to (i) design antibodies, (ii) design proteins linked to antibodies, or (iii) design and develop methods of joining antibodies and proteins (the "Exclusive Purposes").

(c) MAG and Levitt covenant that, MAG and Levitt will take reasonable steps to assure that no third party makes use of the Antibody Model other than an Academic Use by an Academic User. PDL agrees that, so long as MAG and Levitt are in compliance with the foregoing covenant, neither MAG nor Levitt shall have any liability to PDL as a result of third party uses of the Antibody Model not authorized by MAG or Levitt.

(d) The restrictions on use and/or licensing of the Software set forth in this Paragraph 2.2 ("Exclusivity") shall in no way limit the right of MAG or Levitt to authorize Academic Use of the Software.

3. Delivery, Acceptance and Warranty.

3.1 Delivery and Acceptance. PDL acknowledges that MAG has previously delivered, or concurrently with the Effective Date will deliver, a master copy of the Antibody Model and Other Software. PDL acknowledges that it has either inspected or waived its right to inspect, and hereby accepts, the Antibody Model and Other Software.

3.2 Warranty. MAG warrants that (i) it is the sole and exclusive licensee of the Software and all intellectual property rights therein, (ii) it has the full right and power to grant to PDL the rights herein granted, (iii) the Software and its use by PDL within the scope of the licenses herein granted will not infringe any patent, copyright or trade secret and, to the best of MAG's knowledge, any other intellectual property right arising under United States law and (iv) neither it nor its licensors have previously granted any license permitting any party other than PDL to use or sublicense the Software. If in the future MAG becomes aware of a significant possibility that the Software or its use by PDL within the scope of the licenses granted herein might infringe any intellectual property right arising under United States law, MAG shall promptly so inform PDL.

3.3 WARRANTY DISCLAIMER. EXCEPT FOR ANY EXPRESS WARRANTIES STATED IN THIS AGREEMENT, MAG (A) MAKES NO ADDITIONAL WARRANTIES, EXPRESS, IMPLIED, ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, OR STATUTORY, AS TO ANY MATTER WHATSOEVER AND (B) DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT OF THIRD PARTY RIGHTS.

4. Updates and Use of PDL Computers.

4.1 Updates. If, during the term of this Agreement, MAG shall develop, license or acquire any Corrected Software or New or Enhanced Software, MAG shall promptly provide PDL with a copy thereof. MAG also agrees to assist PDL, at no additional charge, in creating Corrected Software and New or Enhanced Software as reasonably requested by PDL during the term of this Agreement. All Corrected Software and New or Enhanced Software shall be deemed, in accordance with the terms and conditions of this Agreement and without payment of additional consideration, to be included in the (i) Antibody Model if directly applicable to the modeling of antibodies and (ii) Other Software if not directly applicable to the modeling of anti-bodies; provided, however, that PDL's license to all New or Enhanced Software shall expire at the end of the License Term for the Other Software.

4.2 Use of PDL Computers. During the term of this Agreement, PDL shall allow Levitt to continue to use time an PDL's Silicon Graphics machines without charge, to the extent appropriate for additional software development and to the extent that such use does not interfere

with PDL's ongoing activities.

5. License Fee. PDL agrees to pay MAG a license fee of [ ] within five (5) business days following the Effective Date and a license fee of [ ] dollars on fourth and each subsequent quarterly anniversary of the Effective Date during the License Term for the Other Software; provided, however, that the quarterly fee shall be reduced to [ ] following termination of this Agreement pursuant to Paragraph 7.2 ("Termination Without Cause") below. PDL and MAG agree that [ ] shall be allocable to the Antibody Model and [ ] shall be applicable to each of ENCAD and MolMan (as defined in Exhibit A ("Product Description")).

6. Source Code.

6.1 Return of Source Code. PDL specifically acknowledges that, except as set forth in this Paragraph 6 ("Source Code"), no rights are granted to it hereunder to the human readable source code versions of the Software. PDL agrees not to disassemble, decompile, reverse engineer or otherwise reduce the object code versions of the Software to a human-perceivable form. Within thirty (30) days of the Effective Date, PDL shall return to MAG all source code versions of the Software (other than as set forth in the following sentence) and shall certify to MAG in writing that it retains no such source code versions. Within thirty (30) days of the Effective Date, MAG shall provide PDL with one (1) printed listing of the current Fortran source code of the Antibody Model, which PDL may consult, internally, for the sole purpose of diagnosing apparent conflicts between the documentation and behavior of the Antibody Model, and which PDL shall not otherwise reproduce or convert into in any other form by any electronic or other means (including, but not limited to, computer or information storage and retrieval systems) without the prior written consent of MAG; provided, however, that MAG hereby consents to PDL's reproduction of up to five (5) additional printed, non-electronic copies of the printed listing solely for PDL's internal use and subject to its confidentiality and non-disclosure requirements hereunder.

6.2 Potential Function Numbers. MAG shall, during the License Term for the Other Software, provide PDL with the mathematical expression of potential energy functions (numerical values and relevant equations) that are developed, acquired or licensed by MAG or included in the Software, and all updates to these functions, in a timely manner.

6.3 Escrow Agreement. PDL and MAG shall at all times during the License Term maintain in force an escrow agreement in substantially the form set forth in Exhibit C ("Escrow Agreement") with an independent third party escrow agent. PDL and MAG shall promptly enter into such agreement with the escrow agent named in the Escrow Agreement and any successor escrow agent appointed pursuant to the Escrow Agreement. PDL shall pay the fees and expenses of such escrow agent as required by the Escrow Agreement.

6.4 Escrow License. MAG hereby grants PDL a worldwide, irrevocable, license, effective upon the rightful release (in accordance with the Escrow Agreement) to PDL of Source Code (as defined in the Escrow Agreement), to utilize such Source Code solely within PDL to (i) maintain and correct the Source Code for the Other Software and (ii) maintain, correct, enhance, modify and prepare derivative works based upon the Source Code for the Antibody Model, and to derive object code therefrom for use and reproduction by PDL subject to the licenses granted herein (which, in such event and for such purpose, shall be perpetual). The foregoing license to utilize Source Code shall be exclusive as to the Source Code of the Antibody Model and non-exclusive as to the Source Code of the Other Software.

7. Term and Termination.

7.1 Term and License Term. The term of this Agreement and the License Term shall commence on the Effective Date and shall continue until terminated in accordance with the provisions of this Paragraph 7 ("Term and Termination").

7.2 Termination Without Cause. PDL may terminate the term of this Agreement and the License Term, without cause, effective upon one (1) year written notice to MAG. MAG may terminate the term of this Agreement, without cause, effective immediately upon written notice to PDL and the License Term shall continue for five (5) years following such notice.

7.3 Termination For Cause. In the event of any breach of any term or provision under this Agreement by either party hereto, the non-breaching party may send a written notice explaining the nature of the breach to the breaching party, which notice shall be delivered in

accordance with the terms of this Agreement. If any breach is not cured within thirty (30) days after the MAG of the notice of breach, the non-breaching party may terminate this Agreement upon written notice.

7.4 Obligations Upon Termination or Expiration. Upon the effective date of termination of the License Term, PDL shall deliver to MAG or destroy all Software, Master Copies and related materials in its possession furnished hereunder by MAG, together with all copies thereof, and shall warrant in writing within thirty (30) days of termination that the Software, Master Copies, related materials and all copies thereof have been returned to MAG-or erased or destroyed.

8. Protection of Proprietary Rights.

8.1 Proprietary Rights. PDL will take all reasonable measures to protect the proprietary rights of MAG and its licensors in the Software and any source code versions thereof, including all measures PDL employs to protects its own valuable trade secret information. Except as stated herein, this Agreement does not grant PDL any rights to patents, copyrights, trade secrets, tradenames, trademarks (whether registered or unregistered) or any other rights, franchises or licenses in respect of the Software.

8.2 Non-Disclosure.
(a) Obligations. PDL expressly undertakes to retain in confidence all confidential information, designated as such in accordance with the terms of subparagraph (b) below, transmitted to it hereunder by MAG, and agrees to make no use of such confidential information except under the terms of this Agreement. During the term of this Agreement, PDL shall be exposed to certain information concerning MAG's Software and proposed new Software which are the confidential and proprietary information of MAG and not generally known to the public. PDL agrees that during and after the term of this Agreement, it will not use or disclose to any third party any confidential information without the prior written consent of MAG. MAG hereby consents to the disclosure of its confidential information to certain employees of PDL who agree to keep MAG's confidential information in confidence, in order to allow PDL to perform under this Agreement and to obtain the benefits hereof. MAG further agrees that PDL shall be permitted to demonstrate the object code version of the Software to third parties in connection with PDL's business discussions with such third parties. This subparagraph (a) shall not apply to information after such information is made public by MAG.
(b) Designation of Confidential Information. MAG confidential information shall consist of (i) all information in written form that is marked "Confidential" or similarly marked by MAG before being furnished to PDL and (ii) the source code of the Software. AU oral disclosures of confidential information shall be identified as such prior to disclosure and summarized, in writing, by MAG and said summary shall be given to PDL within thirty (30) days of the subject oral disclosure.
(c) Exception. PDL shall not be liable for disclosure or use of any data or information which (i) was in the public domain at the time it was disclosed or falls within the public domain, except through the fault of PDL; (ii) was known to PDL at the time of disclosure, which knowledge PDL shall have the burden of establishing by clear and convincing evidence; (iii) was disclosed after written approval of MAG; (iv) becomes known to PDL from a source other than MAG without breach of this Agreement by PDL; (iv) is disclosed pursuant to the order of a court or other governmental authority having jurisdiction over PDL (provided, however, that PDL shall promptly notify MAG and cooperate with MAG in limiting disclosure to the extent legally permissible and/or seeking an appropriate protective order from such authority); or (v) was independently developed by PDL without the benefit of confidential information received from MAG, which independent development the receiving party shall have the burden of establishing by clear and convincing evidence.

8.3 Proprietary Legends. PDL will retain in and on all copies of the Software all copyright notices and proprietary data legends contained therein or thereon at the time of delivery to PDL or as otherwise reasonably requested by MAG and will affix all such legends to any copies of the Software made by PDL.

8.4 Continuing Covenant. Each party covenants that, during and in the course of its performance hereunder, it will not communicate to the other party any confidential or proprietary information which, to the best of the communicating party's knowledge is communicated in violation of the communicating party's obligations to the owner thereof.

9. EXCLUSION OF CERTAIN DAMAGES. EXCEPT FOR DAMAGES ARISING FROM A BREACH OF THE OBLIGATIONS SET FORTH IN PARAGRAPH 8 ("PROTECTION OF PROPRIETARY RIGHTS") ABOVE, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, LOSS OF PROFITS OR REVENUE, OR INTERRUPTION OF BUSINESS IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY BUT EXCLUDING INTENTIONAL TORT) OR OTHERWISE, EVEN IF ANY REPRESENTATIVE OF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN THE CASE OF SUCH DAMAGES ARISING FROM A BREACH OF THE OBLIGATIONS SET FORTH IN PARAGRAPH 8 ("PROTECTION OF PROPRIETARY RIGHTS") ABOVE, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY FOR INCIDENTAL SPECIAL OR CONSEQUENTIAL DAMAGES, LOSS OF PROFITS OR REVENUE, OR INTERRUPTION OF BUSINESS IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION WHICH, IN AGGREGATE, EXCEED TWO HUNDRED THOUSAND DOLLARS ($200,000).

10. Miscellaneous.

10.1 Notices. Any notice or reports required or permitted to be given under this Agreement shall be given in writing and shall be delivered by personal delivery, telegram, telex, telecopier, facsimile transmission or by certified or registered mail, postage prepaid, return receipt requested, and shall be deemed given upon personal delivery, five (5) days after deposit in the mail or upon acknowledgment of receipt of electronic transmission. Notices shall be sent to the signatory of this Agreement at the address set forth at the beginning of this Agreement or such other address as either party may specify in writing.

10.2 Survival of Obligations. PDL agrees that its obligations under Paragraph 8 ("Protection of Proprietary Rights") shall survive any expiration or termination of this Agreement.

10.3 Severability. The provisions of this Agreement are severable and if any one or more such provisions shall be determined to be invalid, illegal or unenforceable, in whole or in part, the validity, legality and enforceability of any of the remaining provisions or portions thereof shall not in any way be affected or impaired thereby and shall nevertheless be binding between the parties hereto. Any such invalid, illegal or unenforceable provision or portion thereof shall be changed and interpreted so as to best accomplish the objectives of such provision or portion thereof within the limits of applicable law or applicable court decisions.

10.4 Governing Law. This Agreement shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of California as applied to transactions taking place wholly within California between California residents.

10.5 Attorneys' Fees. In any action to interpret or enforce this Agreement, the prevailing party shall be awarded all court costs and reasonable attorneys' fees incurred.

10.6 Assignment. Neither party shall directly or indirectly sell, transfer, assign, convey, pledge, encumber or otherwise dispose of this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, either party may, without the prior consent of the other party, assign or transfer this Agreement as part of a corporate reorganization, consolidation, merger or sale of substantially an assets provided said entity assumes all of such party's obligations hereunder.

10.7 Relationship of the Parties. Nothing contained in this Agreement shall be construed as creating any agency, partnership, or other form of joint enterprise between the parties. The relationship between the parties shall at all times be that of independent contractors. Neither party shall have authority to contract for or bind the other in any manner whatsoever. This Agreement confers no rights upon either party except those expressly granted herein.

10.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.9 Entire Agreement. This Agreement is the complete, entire, final and exclusive statement of the terms and conditions of the agreement between the parties. This Agreement supersedes, and the terms of this Agreement govern, (i) any prior or collateral agreements between the parties with respect to the subject matter hereof (including that certain letter agreement between PDL and Levitt dated as of June 28, 1988) and (ii) that certain Letter of Intent between PDL and Levitt dated as of May 30, 1990. The parties acknowledge and agree that

Levitt, in his capacity as a natural person, serves as a consultant to PDL pursuant to that certain Consulting Agreement dated as of October 1, 1987 and amended as of January 1, 1990 ("Consulting Agreement") and agree that this Agreement shall not apply to, and the Consulting Agreement shall govern, all matters arising between PDL and Levitt in connection with Levitt's services as a consultant to PDL This Agreement may not be modified except in a writing executed by duly authorized representatives of the parties.

10.10 Levitt as Limited Party. Levitt shall use his best efforts to insure that if he develops any software programs during the term of this Agreement ("Programs") which, had such Programs been developed by MAG, would constitute Software hereunder, that such Programs are licensed or assigned either to (i) PDL on terms providing PDL with rights substantially equivalent to its rights to Software hereunder or (ii) MAG so that MAG obtains the right to sublicense such Programs to PDL as Software. PDL, Levitt and MAG agree that Levitt (in his capacity as a natural person) is a direct party to this Agreement solely to undertake the obligations and be subject to the provisions set forth in Paragraph 10 ("Miscellaneous") and subparagraph (c) of Paragraph 2.2 ("Exclusivity") and shall have no other obligations or liability under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

MAG: Molecular Applications Group

By: /s/ Michael Levitt
Michael Levitt, President

PDL: Protein Design Labs, Inc.

By: /s/ Lawrence Jay Korn
Laurence Jay Korn, President

/s/ Michael Levitt
Michael Levitt

EXHIBIT A

Product Description

Part I: Antibody Model

The Antibody Model (ABMOD) is a computer software program that builds a model of an antibody Fv domain from the three-dimensional structure of other Fv domains.

Part II: Other Software

ENCAD (Energy Calculation and Dynamics) program, a program which calculates the potential energy of any system of organic molecules, especially protein macromolecules, for energy minimization and molecular dynamics simulation.

MolMan (Molecular Manager) program, a program which allows molecular structure to be displayed and modeled on the Silicon Graphics Iris series workstations, with emphasis on space-filling representations, real-time frequency filtering of trajectories and mouse-driven interface.

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT B

Academic License

In return for the rights granted below, you agree as follows:

Scope. Molecular Applications Group ("MAG") grants to you the nonexclusive right to use the accompanying software and documentation ("Product") for academic, noncommercial purposes and to make such software resident on a single computer. This License does not grant you any intellectual property rights or other rights in the Product other than as expressly listed herein. Without limitation, you may not (i) use the Product in a network, (ii) rent or lease the Product or (iii) license or convey to any third party any rights related to the commercial exploitation of humanized

antibodies designed or developed with the Product.

Proprietary Rights and Obligations. The Product, including its structure, sequence and organization, is the valuable property of MAG and its Licensors. You may not make, have made, or permit to be made, any copies of the Product or any portion thereof, except that you may make one copy of the Product solely for backup purposes which shall contain the same proprietary notices which appear on or in the Product. MAG and its licensors retain title and ownership of the Product recorded on the original media and all subsequent copies of the Product, regardless of the form or media in or on which the original and other copies may exist. You may not modify, adapt, translate, reverse engineer, decompile, disassemble or create derivative works based on the Product.

No Assignment. You may not assign or transfer your rights under this License to any third party.

Term. This License shall terminate immediately if you breach any provision hereof and, otherwise, in the year [ ]. Upon termination, you will destroy the Product and all copies or modifications in any form.

Export. The Product may include commodities and technical data of United States origin whose export or re-export is restricted by U.S. law. You agree not to export or reexport the Product, or any portion thereof in any form without all required U.S. and foreign licenses. Your obligations pursuant to this paragraph shall survive and continue after any termination or expiration of this License.

NO WARRANTY. The Product is provided "as is" without warranty of any kind, either express or implied, including but not limited to the warranties of non-infringement of third party rights, merchantability or fitness for a particular purpose. MAG does not warrant that the Product will meet your requirements or will operate uninterruptedly or without error. The entire risk as to the quality and performance of the Product is with you. Should the Product prove defective, you assume the entire cost of repair and correction. Some states do not allow the exclusion of implied warranties, limits on the duration of implied warranties, or exclusion or limitation of incidental or consequential damages, so the limitations or exclusions contained herein may not apply to you. This License gives you specific legal rights and you may also have other rights which vary from state to state.

Limit of Liability. In no event will MAG be liable to you for any consequential or incidental damages, including lost profits or lost savings, or for any claim by another party, even if an MAG representative has been advised of the possibility of such damages or claim.

Third Party Beneficiary. You acknowledge that certain commercial rights with respect to the Product have been licensed to Protein Design Labs, Inc., a Delaware corporation located at 2375 Garcia Avenue, Mountain View, California who is an intended third party beneficiary of, and entitled to enforce, this License.

Entire Agreement. You have read and understand this License. It is the complete and exclusive statement of the agreement between MAG and you and supersedes any prior agreement, oral or written, and any other communications between MAG and you relating to the subject matter hereof. Your obligations hereunder shall inure to the benefit of MAG's licensors whose rights are licensed hereby. No variation of the terms of this License or any different terms will be enforceable against MAG unless MAG gives its express signed written consent including an express waiver of the terms hereof. This License is governed by the laws of the State of California, without regard to California's law regarding conflicts of law.

IN WITNESS WHEREOF, the undersigned student or professional colleague of Dr. Michael Levitt has signed his or her name below.

Signature

Printed Name

Date

EXHIBIT C

ESCROW AGREEMENT

THIS AGREEMENT ("Escrow Agreement") is executed as of this 12th day of

December, 1990 by and among Protein Design Labs, Inc. ("Licensee"), a Delaware corporation having a place of business at 2375 Garcia Avenue, Mountain View, California 94043, and Molecular Applications Group, a California business at 880 Lathrop, Stanford, California 94305 ("Licensor") and Townsend & Townsend, a California partnership having a place of business at 379 Lytton Avenue, Palo Alto, California 94303 ("Escrow Agent").

RECITALS

A. Licensor and Licensee have entered into a Software License Agreement (the "Agreement") dated as of September 1, 1990 pursuant to which Licensor has granted to Licensee certain rights with respect to object code versions of certain of Licensor's computer software programs ("Software").

B. Maintenance and support of such programs are critical to Licensee in the conduct of its business;

C. The Agreement requires Licensor and Licensee to enter into an Escrow Agreement with Escrow Agent in the form hereof.

D. The purpose of this Agreement is to provide for Licensor's periodic deposit of certain source code for Software with Escrow Agent and, under certain circumstances specified below, to permit Licensee to obtain the escrowed Source Code from the Escrow Agent solely for the purposes set forth herein;

E. Escrow Agent is a law firm which serves as Licensee's patent counsel. Escrow Agent does not generally serve in the capacity of an escrow agent but is MAG to do so, on the terms set forth herein, as an accommodation to Licensee.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. DEPOSIT OF DOCUMENTATION.

(a) The term "Source Code" as used in this Escrow Agreement means the human and/or machine readable versions (on disk or magnetic tape media) as applicable of the materials utilized or generated by Licensor internally in the course of creating Software and all associated internal documentation including computer source instructions for Software, a list of the names of the modules included, instructions for building object code versions of Software from Source Code, command files used in constructing such object code, object code files as built by Licensor from Source Code, any other ancillary files and listings created in the course of building such object code files and any additional tools and subroutines required to build Software that are not generally commercially available.

(b) Licensor agrees to deposit with Escrow Agent, (i) January 15, 1991 (the foregoing, and all other capitalized terms used and not defined herein, being ascribed the meanings set forth in the Agreement) the Source Code thereof and (ii) semi-annually, or as otherwise reasonably requested by Licensee, the then current Source Code of the Software and updates and corrections thereto delivered or required to be delivered under the Agreement. Such deposit shall consist of a sealed package certified by Licensee to contain a complete set of such Source Code as defined in Paragraph l(a) above.

(c) The term "Deposit" as used in this Escrow Agreement means the Source Code deposited with Escrow Agent by Licensor pursuant to this Escrow Agreement.

2. REVISIONS AND MAINTENANCE. Escrow Agent shall acknowledge receipt of all Deposits by sending written acknowledgment thereof to both Licensor and Licensee.

3. STORAGE AND SECURITY.

(a) Escrow Agent shall act as custodian of the Deposit until the escrow is terminated pursuant to Paragraph 11 ("Termination") of this Escrow Agreement. Escrow Agent shall maintain the Deposit in the same manner as it would maintain a confidential client file in accordance with Escrow Agent's usual business practices.

(b) The Deposit shall remain the exclusive property of the Licensor, subject only to the licenses provided in this Escrow Agreement.

(c) Escrow Agent shall not divulge, disclose or otherwise make available the Deposit to any parties other than those persons duly authorized in writing by a competent officer of Licensor, except as provided in this Escrow Agreement.

(d) Escrow Agent shall not permit any person access to the Deposit except as may be necessary for Escrow Agent's authorized representatives to perform under this Escrow Agreement.

(e) Access to the Deposit shall not be granted without compliance with any security and identification procedures instituted by Escrow Agent.

(f) Escrow Agent shall have no obligation or responsibility to verify or determine that the Deposit does, in fact, consist of those items which Licensor is obligated to deliver, under any agreement, and Escrow Agent shall bear no responsibility whatsoever to determine the existence, relevance, completeness, currency, or accuracy of the Deposit.

(g) Escrow Agent's sole responsibility shall be to accept, store

and deliver the Deposit, in accordance with the terms and conditions of this Escrow Agreement.

(h) If any of the Deposit shall be attached, garnished or levied upon pursuant to an order of court, or the delivery thereof shall be stayed or enjoined by an order of court, or any other order, judgment or decree shall be made or entered by any court affecting the Deposit or any part thereof, Escrow Agent is hereby expressly authorized in its sole discretion to obey and comply with all orders, judgments or decrees so entered or issued by any court, without the necessity of inquiring whether such court had jurisdiction, and in case Escrow Agent obeys or complied with any such order, judgment or decree, Escrow Agent shall not be liable to any Licensee of Record, Licensor or any third party by reason of such compliance, notwithstanding that such order, judgment or decree may subsequently be reversed, modified or vacated.

4. RELEASE OF DEPOSIT.

(a) Upon the occurrence of any Event of Default (as defined in Paragraph 7 ("Events of Default")), Licensee may deliver to Escrow Agent a written notice of such Event of Default (a "Notice"). Escrow Agent shall, within five (5) business days of receipt thereof, send a copy of such Notice to Licensor. Unless Licensor shall have provided Contrary Instructions (as defined below) to Escrow Agent within twenty (20) business days after Escrow Agent has sent a copy of such Notice to Licensor, the Deposit shall be delivered to Licensee by Escrow Agent within the next five (5) business days following the end of such twenty (20) day period.

(b) "Contrary Instructions" for the purposes of this Escrow Agreement means a notarized affidavit executed by an official of Licensor stating that the Event or Events of Default specified in Licensee's Notice have not occurred, or have been timely cured.

(c) Upon timely receipt of such Contrary Instructions, Escrow Agent shall not release the Deposit, but (except pursuant to subparagraph (c) of Paragraph 11 ("Termination") below) shall continue to store the Deposit until otherwise directed by Licensee and Licensor jointly, or until resolution of the dispute pursuant to Paragraph 5 ("Dispute Resolution") of this Escrow Agreement, or by a court of competent jurisdiction.

(d) Notwithstanding any Deposit release hereunder, the obligations of Licensor to continue making Deposits and the obligations of Escrow Agent to receive and maintain such Deposits shall continue throughout the term of this Escrow Agreement.

5. DISPUTE RESOLUTION. Licensor and Licensee agree that if Contrary Instructions are timely given by Licensor pursuant to Paragraph 4 ("Release of Deposit") hereof, then Licensor and Licensee shall submit their dispute regarding Licensee's Notice to arbitration by a single arbitrator appointed by the American Arbitration Association ("Association") in accordance with the Association's commercial arbitration rules then in effect (as expressly modified by this paragraph). The arbitration shall take place in the County of Santa Clara, State of California. The decision of the arbitrator shall be final and binding upon the parties and enforceable in any court of competent jurisdiction, and a copy of such decision shall be delivered immediately to Licensor, Licensee and Escrow Agent. The parties shall use their best efforts to commence the arbitration proceeding within twenty (20) business days following delivery of the Contrary Instructions. The sole question to be determined by the arbitration panel shall be whether or not there existed an Event of Default at the time Licensee delivered the Notice under Paragraph 4 ("Release of Deposit"), and, if so, whether such Event of Default was timely cured. If the arbitration panel finds that there has been an Event of Default not timely cured, Escrow Agent shall promptly deliver the Deposit to Licensee. Depositions may be taken and discovery obtained in any such arbitration proceedings as provided in Sections 1283.05 and 1283.1 of the Code of Civil Procedure of the State of California. All fees and charges by the American Arbitration Association and the reasonable attorneys' fees and costs incurred by the prevailing party in the arbitration shall be paid by the non-prevailing party. Judgment upon the award rendered by the arbitrator may be entered into any court having jurisdiction thereof. Notwithstanding the foregoing, either party shall have the right to obtain a preliminary judgment on any equitable claim in any court of competent jurisdiction, where such judgment is necessary to preserve property or proprietary rights under this Escrow Agreement. Such judgment shall remain effective as long as the terms of the judgment so provide or until specifically superseded by the action of the arbitration panel as provided above.

6. BANKRUPTCY. Licensor and Licensee acknowledge that this Escrow Agreement is an "agreement supplementary to" the Agreement as provided in Section 365(n) of Title 11, United States Code (the "Bankruptcy Code"). Licensor acknowledges that if Licensor as a debtor in possession or a trustee in bankruptcy in a case under the Bankruptcy Code rejects the Agreement or this Escrow Agreement, Licensee may elect to retain its rights under the Agreement and this Escrow Agreement as provided in Section 365(n) of the Bankruptcy Code. Upon written request of the Licensee to Licensor or the Bankruptcy Trustee, Licensor or such Bankruptcy Trustee shall not interfere with the rights of licensee as provided in the Agreement and this Escrow Agreement, including the right to obtain the Deposit from Escrow Agent.

7. EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an "Event of Default" for purposes of this Escrow Agreement.
(a) Licensor applies for or consents to the appointment of a trustee, receiver or other custodian or makes a general assignment for the benefit of its creditors,
(b) Any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceedings are commenced by or against Licensor and, as to such case or proceeding not commenced by Licensor, is acquiesced in or remains undismissed for sixty (60) days.
(c) Licensor fails to cure a material breach of its obligations under Paragraphs 4.1 ("Updates") or 6.2 ("Potential Function Numbers") of the Agreement within thirty (30) days of written notice thereof from Licensee.
(d) The death or disability of Michael Levitt, the president and sole shareholder of Licensor, prevents Licensor's continued compliance with its obligations pursuant to the paragraphs of the Agreement referred to in clause (c) above.

8. INDEMNIFICATION. Licensor and Licensee jointly and severally agree to defend and indemnify Escrow Agent and to hold Escrow Agent harmless from and against any and all claims, actions and suits, whether groundless or otherwise, and from and against any and all liabilities, losses, damages, costs, charges, penalties, counsel fees, and any other expense of any other nature, including, without limitation, settlement costs incurred by Escrow Agent on account of any act or omission of Escrow Agent, in respect of or with regard to this Escrow Agreement, except insofar as such liabilities arise by reason of Escrow Agent's willful misconduct.

9. LICENSE GRANT FOR USE OF SOURCE CODE, CONFIDENTIALITY.
(a) Licensee's license described in Paragraph 6.4 ("Escrow License") of the Agreement shall be effective upon the rightful release (in accordance herewith) to Licensee of Source Code.
(b) Licensee acknowledges and agrees that use of the Source Code is furnished to Licensee on a confidential and secret basis for the sole and exclusive use of Licensee, and not for sale, sublicense or disclosure to third parties. In the event that Licensee obtains the Source Code pursuant to the terms hereof, Licensee agrees to treat the Source Code as Licensee confidential information governed by Paragraph 8.2 ("NonDisclosure") of the Agreement.

10. RECORDS. Escrow Agent agrees to keep complete written records of the activities undertaken and materials prepared and delivered to Escrow Agent pursuant to this Escrow Agreement. Licensor and Licensee shall be entitled at reasonable times during normal business hours and upon reasonable notice to Escrow Agent during the term of this Escrow Agreement to inspect the records of Escrow Agent with respect to the Source Code. Licensor shall be entitled upon reasonable notice to Escrow Agent and during normal business hours to inspect the facilities of Escrow Agent with respect to the physical status and condition of the Source Code.

11. TERMINATION.
(a) This Escrow Agreement shall continue indefinitely until terminated as set forth below or by operation of law. Upon such termination, except for termination as a result of rejection of the Agreement in a bankruptcy case of Licensor, Escrow Agent shall return the Deposit to Licensor after the payment of all costs, fees and expenses due Escrow Agent.
(b) Licensee may unilaterally terminate this Escrow Agreement upon sixty (60) days written notice to Escrow Agent.
(c) Escrow Agent reserves the right to resign as Escrow Agent either upon sixty (60) days prior written notice to Licensor and Licensee or (ii) upon ten (10) days prior written notice to Licensor and Licensee in the event that (x) Escrow Agent has received Contrary Instructions from Licensor and (y) Escrow Agent has turned the Deposit over to National Safe Depository (located at 3585 Stevens Creek Boulevard, San Jose, California 95117) or such other successor escrow agent as is acceptable to Licensor and Licensee. No entity shall be qualified to be a successor escrow agent unless such entity is willing and able, not later than the transfer of the Deposit to such successor escrow agent, to enter into a written escrow agreement with Licensor and Licensee containing provisions substantially equivalent to those hereof; provided, however, that such successor agreement may, in lieu of subparagraph (a) of Paragraph 13 ("Fees") hereof, provide for Licensor and Licensee to jointly bear such successor escrow agent's usual and reasonable fees for escrow services. When Escrow Agent has transferred the Deposit to such successor escrow agent, Escrow Agent shall have no further obligations hereunder but shall remain entitled to receive payment of any unpaid fees and costs pursuant to Paragraph 13 ("Fees") of this Escrow Agreement.
(d) In the event that the applicable notice period in Paragraph 11(c) elapses without Escrow Agent having received payment from either Licensor or Licensee of the remaining fees due, Escrow Agent shall then have the option, without further notice to either party, to terminate the Escrow Agreement and to destroy the Deposit.

12. GOOD FAITH RELIANCE. Escrow Agent may rely and act upon any instruction, instrument, or signature believed in good faith to be genuine, and may assume that any person purporting to give any writing, notice, respect, advice, or instruction in connection with or relating to this Escrow Agreement has been duly authorized to do so.

13. FEES.
(a) Escrow Agent agrees to perform its normal services hereunder without fee; provided, however, that if Escrow Agent is required to perform any additional or extraordinary services as a result of being Escrow Agent, including intervention in any litigation or proceeding, Licensor and Licensee shall be jointly and severally obligated to pay Escrow Agent reasonable compensation for such services and to reimburse Escrow Agent for such costs incurred, including reasonable attorney's fees.
(b) Escrow Agent shall be entitled to receive payment of all costs, fees and expenses due it, prior to release of the Deposit.

14. ENTIRE AGREEMENT. This Escrow Agreement and the Agreement, including the Exhibits hereto, constitutes the entire agreement among the parties regarding the subject matter hereof, and shall supersede all previous and contemporaneous communications, representations, understandings and agreement, either oral or written between the parties.

15. NOTICE. All notices required or permitted by this Escrow Agreement shall be sufficiently served by mailing the same by certified or registered mail, return receipt requested, to the parties at their respective addresses, as follows:
(a) Escrow Agent:

Townsend & Townsend
Attention: George M. Schwab, Esq., Managing
Partner
379 Lytton Avenue
Palo Alto, California 94303

(b) Licensor:
Molecular Applications Group
c/o Michael Levitt, President
880 Lathrop
Stanford, California 94305

(c) Licensee:
Protein Design Labs, Inc.
2375 Garcia Avenue
Mountain View, California 94043
Attention: President

16. COUNTERPARTS. This Escrow Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

17. GOVERNING LAW. This Escrow Agreement shall be governed by and construed according to the internal laws of the State of California without application of the principles of choice of law or conflict of laws.

18. SEVERABILITY. In the event any of the provisions of this Escrow Agreement shall be held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Escrow Agreement will remain in full force and effect.

19. HEADINGS. The section headings in this Escrow Agreement do not form a part of it, but are for convenience only and shall not limit or affect the meaning of the provisions.

IN WITNESS WHEREOF, the parties have executed this Escrow Agreement on the date first above written.

LICENSOR:

Molecular Applications Group

By:
Michael Levitt, President

PDL:

Protein Design Labs, Inc.

By: /s/ Laurence Jay Korn

Laurence Jay Korn, President

ESCROW AGENT:

Townsend & Townsend

By:
George M. Schwab, Esq.
Managing Partner

EXHIBIT 10.15

CONFIDENTIAL TREATMENT REQUESTED

DEVELOPMENT AND LICENSE AGREEMENT
FOR HUMANISED [ ]

between
PROTEIN DESIGN LABS, INC.
and
SANDOZ PHARMA LTD.

CONFIDENTIAL TREATMENT REQUESTED

DEVELOPMENT AND LICENSE AGREEMENT

This Agreement effective as of December 1, 1990 between PROTEIN DESIGN LABS, INC., a Delaware corporation having offices at 2375 Garcia Avenue, Mountain View, CA 94043, USA (hereinafter "PDL") and SANDOZ PHARMA LTD, a Swiss corporation having offices at CH-4002, Basle, Switzerland (hereinafter "SANDOZ").

WHEREAS, SANDOZ has been granted exclusive worldwide license by [ ] USA (hereinafter [ ]) to make, have made, use or sell a proprietary murine monoclonal antibody referred to under the SANDOZ internal code as [ ] (hereinafter[ ]) or derivatives thereof, including any humanized derivative thereof (hereinafter "Humanized [ ] Antibody").

WHEREAS, SANDOZ wishes to engage PDL to develop a Humanized [ ] Antibody; and

WHEREAS, PDL is willing to undertake such development effort and to grant to SANDOZ an exclusive worldwide license to such Humanized [ ] Antibody.

NOW THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound, the parties agree as follows:

ARTICLE 1

DEFINITIONS

The following terms, as used herein, shall have the following meanings:

1.01 "Affiliate," with respect to a party hereto, shall mean a corporate or other entity which, directly or indirectly, controls, is controlled by, or is under common control with such party; "control" shall mean the ownership of not less than 50% of the voting shares of the corporation, or decision-making authority as to an unincorporated entity; and any corporations in which the maximum amount of stock permitted by law to be held by another entity is beneficially owned by SANDOZ shall also be considered as Affiliates of SANDOZ.

1.02 "Calendar Half Year" shall mean each six month period, or any portion thereof, ending June 30 and December 31 during the Term of this Agreement. "Interim Calendar quarter" shall mean each three month period, or any portion thereof ending on March 31, and September 30, during the Term of this Agreement.

1.03 "Hybridoma Cell Line" shall mean a hybridoma cell line producing [ ] in sufficient quantity to enable PDL to undertake its duties and obligations under this Agreement.

1.04 "Licensed Products" shall mean products, for any use, incorporating all or at least one variable region of one or more [ ] Antibodies (as defined in Article 2.3 hereinafter) or Humanized [ ] Antibodies developed by PDL in pursuance of this Agreement.

1.05 "Net Sales Value" shall mean the aggregate gross revenues whether in cash or in kind derived by or payable from or on account of the sale of Licensed Products, less an allowance of [ ] to cover factors such as (a) credits or allowances, if any, actually granted on account of price adjustments, recalls, rejection or return of items previously sold, (b) excise and sales taxes, duties or other taxes imposed on and paid with respect to such sales (excluding income or franchise taxes of any kind) and (c) freight and freight insurance costs.

1.06 "Technical Information" shall mean confidential proprietary technical information, know-how and materials owned by [ ], SANDOZ or PDL on the date hereof, or hereinafter developed by SANDOZ, [ ] or PDL in

connection with this license and relating to the Hybridoma Cell Line, [ ] or Humanized [ ] Antibody(ies) or their manufacture or use for any purpose.

ARTICLE 2

DEVELOPMENT PROGRAM

2.01 Immediately upon execution of this Agreement, SANDOZ shall provide to PDL a sufficient quantity of a Hybridoma Cell Line together with any Technical Information which in the judgment of SANDOZ and PDL would be useful in assisting PDL to accomplish the objectives of this Agreement and which SANDOZ is legally free to disclose. PDL specifically acknowledges and accepts that the Hybridoma Cell Line and any [ ] Technical Information transferred are the sole property of [ ] and that, while [ ] has agreed to such transfer, it has done so solely for the purposes of accomplishing the objectives of this Agreement. Upon completion of the development work contemplated under this Agreement or termination of this Agreement, whichever is earlier, any and all quantities of the Hybridoma Cell Line in the possession of PDL shall immediately be returned to SANDOZ. In addition, PDL shall clearly identify in its records that any Hybridoma Cell Line provided hereunder is the property of [ ] and is to be returned to SANDOZ.

2.02 Upon receipt of the Hybridoma Cell Line, PDL shall immediately commence and diligently pursue on a best efforts basis a development program (hereinafter "Program") to apply its proprietary humanization technology with the objective of producing a Humanized [ ] Antibody having substantially equivalent therapeutic properties but presumably having, inter alia, reduced immunogenicity and/or an increased half-life. SANDOZ will, primarily through its Affiliates Sandoz Research Institute, Vienna, Austria (hereinafter "SFI"), cooperate in those efforts and in particular will be responsible for pharmacological and other evaluation of antibodies developed by PDL as contemplated under the Program.

2.03 The Program will be sub-divided into four Phases as follows:

Phase A. [ ] Antibody Production. In the first Phase of the Program, PDL will prepare and provide to SFI sufficient quantities (with > 90% purity and having an endotoxin level < 50 units/mg) of two [ ] antibodies, one of IgG1 and the other of IgG3 isotype (herein "[ ] Antibodies"), for evaluation. A quantity of from 1 to 10 mg of each antibody may be required by SFI. PDL will also disclose to SFI the determined sequence of [ ].

Phase B. Evaluation of [ ] Antibodies. In this second Phase of the Program, SFI will evaluate the two [ ] antibodies provided by PDL to determine which, if any, of the two isotypes it wishes PDL to pursue in the following Phases of the Program. SFI will promptly advise PDL to its decision in this respect.
In parallel, PDL will during this Phase, commence and pursue the molecular modeling activities believed by PDL to be necessary for successful completion of the remaining Phases of the Program. It shall not however embark on Phase C of the Program until receiving SFI's decision referred to above.

Phase C. Humanized [ ] Antibody Production and Evaluation. In this third phase of the Program, and following the SFI decision referred to under Phase B, PDL will carry out the necessary further program to produce a Humanized [ ] Antibody having a tumor binding affinity constant not more than [ ] times lower than that of [ ] (hereinafter the "Desired Binding Affinity") and will supply SFI with a sufficient quantity (with > 90% purity and having an endotoxin level < 50 units/mg) of that antibody for evaluation. SFI shall promptly conduct such evaluation using, if technically possible, the method of competitive binding set forth in Queen, et al., Proceedings of the National Academy of Science, USA, 86,1030 (1989). If it is not technically possible to use the method set forth in Queen, et al., the parties shall consult in good faith to agree upon a mutually acceptable alternative method. The results of such tests shall be promptly communicated to PDL and all written results will be provided to PDL as soon as practicable. In the event that the supplied antibody does not meet the Desired Binding Affinity and is in the SFI's view not sufficiently close thereto, SFI shall inform PDL accordingly. PDL shall then have the obligation to produce one further Humanized [ ] Antibody which it hopes does meet the Desired Binding Affinity and shall supply SFI with sufficient quantity of that antibody for evaluation as set forth above. The quantity of each antibody required by SFI for evaluation under this Phase C may be approximately [ ] mg.

Phase D. Expression Optimization.
(a) In the event that SFI determines that a supplied Humanized [ ] Antibody meets the Desired Binding Affinity, or is sufficiently close thereto for SFI to wish to proceed with that antibody further, it shall so inform PDL. PDL will then optimize the expression process and producer cell line having the Desired Process and Cell Line Characteristics as

defined below to achieve a production yield of at least [ ] mg/106 cells/24 hours measured under standard tissue culture conditions. It will then transfer to SFI the production process and the producer cell line. The production process shall be scaleable and adaptable to pilot production and the cell line shall be sterile (but free of chemical sterilizers), and mycoplasma-free (hereinafter "Desired Process and Cell Line Characteristics"). It is anticipated that the Program will be completed to this point in approximately 6 months.

(b) PDL will use its best efforts over a period of approximately three months to perform further amplification(s) to increase the production yield to at least [ ] mg/106 cells/24 hours measured under standard tissue culture conditions, and will provide to SFI the modified production process and producer cell line having the Desired Process and Cell Line Characteristics and being adaptable to growing serum free. After delivering this cell line, PDL will use its best efforts to develop a clone of such producer cell line which, according to appropriate tests and analysis performed by PDL, allows stable production at such yields for at least two months. PDL shall provide to SFI such producer cell line. SANDOZ acknowledges that while PDL will exert best efforts in this Phase D(b), SANDOZ recognizes that there is no guarantee that PDL will achieve the yields and other requirements specified herein.

(c) In the event that SFI informs PDL that it wishes to proceed with further evaluation with a view to possible development of a [ ] Antibody delivered by PDL under Phase A of the Program, PDL will perform the steps set forth in sub-paragraphs (a) and (b) above to optimize the expression process and producer cell line for that [ ] Antibody, and shall transfer to SFI the expression processes and producer cell lines, which shall have the Desired Process and Cell Line Characteristics.

ARTICLE 3

OWNERSHIP AND EXPLOITATION OF RESULTS

3.01 Each [ ] or Humanized [ ] Antibody, its production processes and its producer cell line developed by PDL under this Agreement, as well as all results of pharmacological, toxicology and other tests and evaluations relating thereto, shall be the exclusive property of SANDOZ who shall be free to deal with them as it sees fit, subject to any rights of third parties and SANDOZ' obligations of confidentiality hereunder. SANDOZ shall also have the right to seek and obtain patent protection in relation thereto as it sees fit (subject to such rights and obligations) and at its own cost, without prejudice however to the right of involved PDL collaborator(s) to be named as inventor(s) or co-inventor(s). PDL will provide all necessary assistance and Technical Information to SANDOZ in the event that SANDOZ wishes to seek such patent protection.

3.02 Otherwise, Technical Information developed or used by PDL in pursuance of the Program under this Agreement, shall remain the property of PDL. It shall, however, be provided by PDL to SANDOZ and may be used by SANDOZ to the extent necessary to enable SANDOZ to effectively develop, seek marketing approval for, manufacture and market any Licensed Product developed by PDL under this Agreement, subject however to the confidentiality obligations set forth herein. Notwithstanding the foregoing, no information regarding the sequence of or expression system for any Licensed Product need be disclosed to SANDOZ by PDL until PDL has received the Second Benchmark Payment provided for hereinafter.

3.03 Conditioned upon and effective on the date of receipt by PDL of both the First and Second Benchmark Payments provided for hereinafter, PDL hereby grants to SANDOZ and its Affiliates an irrevocable, exclusive worldwide license or, as the case may be, sub-license, with the right to grant sub-licenses, under all relevant existing patent or other proprietary rights owned, controlled by or licensed to PDL as of the effective date of this license (including the license from the Medical Research Council of England ("MRC") under the so-called Winter and Boss patents), and under all future patent or other proprietary rights resulting from the development work performed by PDL under the Program, but only to the extent necessary and only for the purpose of enabling SANDOZ to make, have made, use or sell any Licensed Product developed under this Agreement.

3.04 Any grant by SANDOZ of sublicenses of the rights granted in Article 3.03 shall be subject to the prior written consent of PDL, which consent shall not be unreasonably withheld. Any grant by SANDOZ of further sublicenses under the sublicenses received from PDL shall also be subject to the terms and conditions (except with regard to royalties which are governed by the terms of Article 5 hereinafter) of the license agreement between PDL and its licenser.

3.05 Until the date of receipt by PDL of both of the First and Second Benchmark Payments provided for hereinafter, SANDOZ agrees that it will not sequence or attempt to sequence the Humanized [ ] Antibody(ies). After receipt however, of both the First and Second said Benchmark Payments, PDL

shall promptly disclose to SANDOZ the sequence of and expression system for, the Humanized [ ] Antibody(ies).

ARTICLE 4

PAYMENTS

4.01 Payment on Execution.
On or before December 20, 1990, Sandoz shall pay to PDL the sum of US [ ] in partial consideration of PDL's obligations hereunder.

4.02 First Benchmark Payment.
(a) Within 90 days following delivery to SANDOZ of SFI of a producer call line and production process having the desired Process and Cell Line Characteristics and with a production yield of at least [ ] mg/106 cells/24 hours measured under standard tissue culture conditions for a Humanized [ ] Antibody having the Desired Binding Affinity (or such lesser binding affinity as it had when SANDOZ decided to proceed with that antibody under Phase D of the Program), SANDOZ shall pay to PDL the sum of US [ ].
(b) In the event that the producer cell line or Humanized [ ] Antibody delivered under Article 4.02(a) do not meet the production yield, binding affinity, or other requirements set forth above, but SANDOZ nevertheless decides to proceed to develop such Humanized [ ] Antibody, SANDOZ shall be required to pay PDL the First Benchmark Payment prior to so proceeding. For purposes of this Agreement, SANDOZ shall be deemed to be "proceeding to develop" such antibody on the earlier of (i) the declaration of so-called [ ] in the standard SANDOZ development plan for its pharmaceutical research products, or equivalent status, for such antibody, or (ii) [ ] months after delivery of such antibody by PDL to SANDOZ unless, prior to the expiration of such [ ]-month period, SANDOZ shall have terminated this Agreement pursuant to Article 8 hereof.
(c) In the event the First Benchmark Payment is not payable to PDL because the Humanized [ ] Antibodies delivered do not meet the relevant requirements, and SANDOZ decides to proceed to develop a [ ] Antibody delivered by PDL under Phase A of the Program, SANDOZ shall be required to pay PDL the sum of US [ ] prior to so proceeding. For purposes hereof, "proceeding to develop" shall have the same meaning as set forth in subparagraph (b) above.

4.03 Second Benchmark Payment.
In the event that SANDOZ decides to proceed with further development of any Licensed Product for which the First Benchmark Payment referred to under Article 4.02 has been paid or is payable, it shall pay to PDL the sum of US [ ] with respect to a Humanized [ ] Antibody. With respect to a [ ] Antibody, SANDOZ shall pay PDL the sum of US [ ] within 30 days of SANDOZ' decision to manufacture the first batch of that Antibody for Phase I clinical trials if:
a) the First Benchmark Payment under Paragraph 4.02(a) has not been paid; or
b) PDL has performed the work under both Phase D(b) and (c).
PDL understands and accepts that the decision to further proceed with development of any such antibody is entirely at SANDOZ discretion and may depend on many factors, including (but not limited to) the degree to which that antibody retains the effector activity of [ ], its specificity, its pharmacokinetics and immunogenicity in animals and the final production yield of the production process and producer cell line delivered by PDL at the end of Phase D of the Program.

ARTICLE 5

ROYALTIES, PAYMENTS, REPORTS

5.01 Royalties to PDL.
In further consideration of the rights and licenses granted hereunder, SANDOZ shall pay to PDL a royalty of [ ] of the Net Sales Value of all Licensed Products sold by SANDOZ or its Affiliates or sublicensees for a period of [ ] years from the date of first sale of any Licensed Product in each country. In the event that SANDOZ desires to sublicense its rights hereunder and finds that, despite its good faith best efforts, it is unable to do so solely because of this royalty rate, the parties shall negotiate in good faith to reduce such rate to a rate which is economically beneficial to both parties and permits such sublicensing.

5.02 [_____.]
[ ] or sublicensees under sublicenses granted by PDL under Article 3.3 above.
[ ]

5.03 Sales Among Affiliates.
Sales between and among SANDOZ and its Affiliates of Licensed products

which are subsequently resold or to be resold by such Affiliates shall not be subject to royalty, but in such cases royalties shall accrue and be calculated on the basis of sales by any such Affiliate of Licensed Products to a non-Affiliate.

5.04 Combination Products.

If a Licensed Product is sold in a combination containing another or other biologically active therapeutic ingredient(s) which are not Licensed Products, then Net Sales Value for purposes of determining royalty payments on the combination shall be calculated by multiplying the Net Sales Value of the combination by a fraction, the numerator of which shall be the established market price for the Licensed Product contained in the combination and the denominator of which shall be the sum of the established market prices for the Licensed Product and each other biologically active therapeutic ingredient in the combination. When separate market prices for such ingredients are not established, then the parties shall negotiate in good faith to determine a fair and equitable method of calculating Net Sales Value for the combination.

5.05 Payments.

Liability for royalties on Licensed Products manufactured by SANDOZ and/or its Affiliates or Sub-licensees shall accrue when a Licensed Product is sold subject to Section 5.3 hereof. Royalties which have accrued in any Calendar Half Year shall be payable within 60 days after the end of such Calendar Half Year. In addition, within 60 days of the last day of each Interim Calendar Quarter, SANDOZ shall pay to PDL an amount equal to one half of the royalties paid for the preceding Calendar Half Year. A payment made during an Interim Calendar Quarter shall be deducted from the amount due in the next Calendar Half Year royalty payment. If the payment in the preceding Interim Calendar Quarter exceeds a Calendar Half Year royalty payment, a credit equal to the excess payment will be carried forward to offset future Calendar Half Year royalty payments.

5.06 Currency Conversion.

All amounts payable to PDL under this Agreement shall be payable in U.S. Dollars, at PDL's option either by a check payable to the order of PDL and drawn on a U.S. bank, or by wire transfer to a bank account designated by PDL. In the case of royalties on sales, all amounts payable shall first be calculated in the currency of sale and then converted into U.S. Dollars using the average of the daily exchange rates for such currency quoted by Citibank N.A.'s foreign exchange desk for each of the last thirty (30) banking days of each Calendar Half Year.

5.07 Royalty Reports; Inspection.

Each Calendar Half Year royalty payment shall be accompanied by a written report for the applicable period setting forth SANDOZ' computation of royalties due under this Agreement in respect of sales by SANDOZ, its Affiliates and any sublicensee during the applicable Calendar Half year. SANDOZ shall keep, and shall cause its Affiliates and sublicensees to keep, accurate records and books of account of all Licensed products sold for a prior of at least 3 years following the date of such sale. Upon reasonable notice to SANDOZ and during normal business hours, but not more frequently than once a year, an independent Certified Public Accountant paid for and selected by PDL and approved by SANDOZ, such approval not to be unreasonably withheld, may inspect such books and records under this Agreement. Notwithstanding the foregoing, if a material discrepancy of more than 5% or $5,000 (whichever is greater) in SANDOZ' favor is found between royalties paid and actual royalties due for any Calendar Half Year, all costs of such inspection shall be borne by SANDOZ. Following any such inspection, the parties shall make any adjustments necessary in respect of royalties previously paid to PDL.

ARTICLE 6

WARRANTIES; NO WARRANTIES, INDEMNIFICATION

6.01 Warranties.

The parties warrant that they know of no legal reason to prevent them entering into this Agreement. In addition, PDL warrants that it knows of no reason why its humanization technology should not be sufficiently applicable to [ ] to achieve the objectives of this Agreement.

6.02 No Warranties.

PDL makes no representations or warranties, expressly or impliedly (except as specifically set forth or contemplated herein) with respect to any producer cell line or production process or Humanized [ ] Antibody delivered to SANDOZ under this Agreement. In particular, PDL makes no representations or warranties as to the merchantability or fitness for any particular purpose of any such Antibody or that its manufacture, use or sale will not infringe any patent or other proprietary rights other than those licensed or sub-licensed hereunder.

6.03 Indemnification.

SANDOZ will indemnify and hold PDL harmless against any and all liability, loss, damage, claim or expense (including reasonable attorney's fees) resulting from any use, testing, manufacture, packaging, labeling, or sale by SANDOZ, its Affiliates or its sublicensees of any producer cell line or production process transferred to SANDOZ (or its Affiliates) by PDL under this Agreement or of any Licensed Product, provided that such damage, claim or expense has not been caused by any gross negligence of PDL. In the event that it has been caused by such gross negligence, PDL shall correspondingly indemnify SANDOZ and its Affiliates and Sublicensees.

ARTICLE 7

CONFIDENTIALITY

7.01 Confidentiality.

Each party shall keep confidential, and shall not use for any purpose other than the development and commercial exploitation of Licensed Products developed by PDL hereunder, during the term of this Agreement and for five years after termination hereof, all Technical Information heretofore and hereafter supplied by the other, provided however, that the foregoing obligation of confidentiality shall not apply to the extent that any Technical Information:

(a) is already known to the recipient at the time of disclosure or is developed by recipient thereafter in the course of work entirely independent of any disclosure by the other party;

(b) is publicly known prior to or becomes publicly known after disclosure other than through acts or omissions of the recipient; or

(c) is disclosed in good faith to recipient by a third party under a reasonable claim or right.

In addition, disclosure may be made by SANDOZ or its Affiliates (i) to governmental agencies to the extent required or desirable to secure governmental approval of the development or marketing of Licensed Products provided that all reasonably possible steps are taken by SANDOZ to assure the confidentiality of the information in the hands of such agencies, (ii) to pre-clinical and clinical investigators under a secrecy agreement with essentially the same confidentiality provisions contained herein and then only where necessary for SANDOZ to exercise its rights hereunder and (iii) to others to the extent necessary in order to enable SANDOZ and its Affiliates effectively and skillfully to develop, manufacture or market a Licensed Product, to the extent normal and usual in the custom of the trade, and then only under a secrecy agreement with essentially the same confidentiality provisions contained herein. SANDOZ shall be responsible for any breach of these confidentiality obligations by the parties identified in clauses (ii) and (iii).

ARTICLE 8

TERM AND TERMINATION

8.01 Term.

This Agreement shall come into force on the date first set forth above and shall unless terminated earlier in accordance with this Article 8 continue until expiration of the obligation to pay royalties to PDL, or to MRC or other third parties through PDL, in accordance with Article 5 above, whichever is later. Thereafter, this Agreement shall terminate and all licenses or sub-licenses granted hereunder shall become fully paid-up, irrevocable non-exclusive licenses.

8.02 Termination.

8.02.1 This Agreement may be terminated on 60 days prior written notice by SANDOZ in the event that PDL does not exert its best efforts (to be determined in case of dispute by Arbitration in accordance with Article 9.01 hereinafter) as required by Article 2.02 above.

8.02.2 This Agreement may also be terminated immediately on written notice by SANDOZ in the event that (a) it decides in accordance with Article 2.03 that it does not wish to pursue either of the isotypes provided to it by PDL following Phase A of the Program or (b) neither of the Humanized [ ] Antibodies provided to it by PDL following Phase C of the Program meet the Desired Binding Affinity or come sufficiently close thereto for SANDOZ to wish to further pursue this Agreement.

8.02.3 If either party shall at any time default in the payment of any royalty, or the making of any report hereunder, or shall commit any material breach of any covenant or agreement herein contained or shall make any false report, and shall fail to have initiated and actively pursued remedy of any such default or breach within 60 days after receipt of written notice thereof by the other party, that other party may, at its option, cancel this Agreement and revoke any rights and licenses herein granted and directly affected by the default or

breach by notice in writing to such effect, but such act shall not prejudice the right of the party giving notice to recover any royalty or other sums due at the time of such cancellation, it being understood, however, that if within 60 days after receipt of any such notice the receiving party shall have initiated and actively pursued remedy of its default, then the rights and licenses herein granted shall remain in force as if no breach or default had occurred on the part of the receiving party, unless such breach or default is not in fact remedied within a reasonable period of time.

8.02.4 Either party may terminate this Agreement, and the licenses granted herein, in the event that: (1) the other party becomes insolvent or enters in any arrangement or composition with creditors, or makes an assignment for the benefit of creditors; (2) there is a dissolution, liquidation or winding-up of the other party's business; or (3) a trustee in bankruptcy of the assets of the other party is appointed and such trustee does not, within thirty (30) days after receipt of written notice from the other party, confirm this Agreement and provide adequate assurance that the terms and conditions hereof shall faithfully be fulfilled.

8.02.5 The right of either party to terminate this Agreement as hereinabove provided shall not be affected in any way by its waiver of, or failure to take action with respect to, any previous failure to perform hereunder.

8.02.6 The confidentiality and indemnity obligations and any accrued payment obligations under Articles 4, 5, 6.03 and 7 shall survive any termination of this Agreement.

ARTICLE 9

MISCELLANEOUS

9.01 Force Majeure.
Neither party shall be responsible to the other for failure or delay in performing any of its obligations under this Agreement or for other non-performance hereof provided that such delay or non-performance is occasioned by a cause beyond the reasonable control and without fault or negligence of such party, including, but not limited to fire, flood, explosion, discontinuity in the supply of power, court order or governmental interference, act of God, strike or other labor trouble and provided that such party will immediately inform the other party and that it will entirely perform its obligations immediately after the relevant cause has ceased its effect.

9.02 Validity.
Should one or several provisions of the Agreement be or become invalid, then the parties hereto shall substitute such invalid provisions by valid ones, which in their economic effect come so close to the invalid provisions that it can be reasonably assumed that the parties would have contracted this Agreement with those new provisions. In case such provisions cannot be found, the invalidity of one or several provisions of the Agreement shall not affect the validity of the Agreement as a whole, unless the invalid provisions are of such essential importance for this Agreement that it is to be reasonably assumed that the parties would not have contracted this Agreement without the invalid provisions.

9.03 Arbitration.
Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, which cannot be satisfactorily resolved by the parties by correspondence or mutual conference shall be determined by arbitration in London, England, or such other venue as may be mutually agreed upon, under the then prevailing rules of the International Chamber of Commerce; provided however, that if any issue in dispute involves scientific or technical matters, the arbitrator(s) chosen shall have educational training and/or experience sufficient to demonstrate a reasonable level of knowledge in the field of biotechnology. The decision of the arbitrators shall be final and binding and any party may apply for judgment upon the award rendered by the arbitrator(s) in a court having jurisdiction thereover.

9.04 Notices.
All notices, documents, statements, reports and other writings required or permitted to be given by the terms of this Agreement shall be sent either by pre-paid, registered or certified mail, telegram, telecopier or telex, properly addressed to PDL and to SANDOZ at their respective addresses first given above or at such other address as one party hereto may from time to time designate by notice in writing to the other. Each notice shall be deemed to be given upon receipt.

9.05 Governing Law.
This Agreement shall be subject to the laws of California, United

States of America.

9.06 Entire Agreement.
This Agreement embodies the entire understanding of the parties relating to the subject matter hereof and supersedes all prior understandings and agreements, except that certain Confidentiality Agreement dated November 17, 1988 and that certain Confidentiality Disclosure Agreement dated October 18, 1990 between the parties, which shall survive. No modification or amendment of this Agreement shall be valid or binding except by a writing signed by each of the parties.

9.07 Assignment.
The rights of either party under this Agreement may not be assigned, and the duties of either party under this Agreement may not be delegated, without the prior written consent of the other party, which consent shall not be unreasonably withheld.

9.08 Headings.
Any headings and captions used in this Agreement are for convenience and reference only and are not a part of this Agreement.

9.09 Counterparts.
This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts together shall constitute one agreement.

IN WITNESS WHEREOF, the parties hereto have dully executed this Development and License Agreement as of the date first above written.

PROTEIN DESIGN LABS

By: /s/ Laurence Jay Korn

Title: President

SANDOZ PHARMA LTD.

By: /s/ xxxxx /s/ xxxxx

Title: Vice President Research/Vice President Patents

EXHIBIT 10.16

CONFIDENTIAL TREATMENT REQUESTED

DEVELOPMENT AND LICENSE AGREEMENT
FOR HUMANIZED MONOCLONAL ANTIBODIES AGAINST gpllb/llla
between
PROTEIN DESIGN LABS, INC.
and
YAMANOUCHI PHARMACEUTICAL COMPANY, LTD.

DEVELOPMENT AND LICENSE AGREEMENT

Effective 12 February 1991 ("Effective Date"), PROTEIN DESIGN LABS, INC., a Delaware corporation having offices at 2375 Garcia Avenue, Mountain View, CA 94043 USA ("PDL") and YAMANOUCHI PHARMACEUTICAL CO., LTD., a Japanese corporation having offices at No. 1-8 Azusawa 1 -chome, Itabashi-ku, Tokyo 174 Japan ("YAMANOUCHI") agree as follows:

1. BACKGROUND

1.1 YAMANOUCHI owns rights to make, have made, use or sell a proprietary murine monoclonal antibody against gpllb/llla ("Murine Anti-gpllb/llla Antibody").

1.2 YAMANOUCHI wishes to have developed humanized derivatives of a Murine Anti-gpllb/llla Antibody, including F(ab')2 and Fab fragments thereof (collectively "Humanized Anti-gpllb/llla Antibody").

1.3 PDL is willing to undertake such development effort and to grant to YAMANOUCHI an exclusive worldwide license under PDL's patent applications and other proprietary rights to such Humanized Anti-gpllb/llla Antibody.

2. DEFINITIONS

2.1 "Background Patents" means all patent applications and issued patents in the United States or any foreign jurisdictions, including any addition, continuation, continuation-in-part or division thereof or any substitute application based on U.S. Patent Application S.N. 310,252 filed February 13, 1989 entitled "Designing Improved Humanized Immunoglobulins."

2.2 "Exclusive Period" means the term beginning as of the Effective Date and either:
(a) ending on the later of January 1, 1995 or one year after the last payment pursuant to Paragraph 5.6.1 (a), (b), (c) and (d); or
(b) becoming perpetual upon the payment specified in Paragraph 5.6.1 (e).
The Exclusive Period defines the period during which PDL agrees not to humanize any other murine antibody against the target antigen gpllb/llla as provided in Paragraph 4.6 hereof.

2.3 "gpllb/llla" means the antigens gpllb and gpllla, together including their complex, or separately.

2.4 "Hybridoma Cell Line" means a hybridoma cell line producing Murine Anti-gpllb/llla Antibody in sufficient quantity to enable PDL to undertake its duties and obligations under this Agreement.

2.5 "Licensed Patents" means all patent applications and issued patents in the United States or any foreign jurisdictions, including any addition, continuation, continuation-in-part or division thereof or any substitute application claiming the Humanized Anti-gpllb/llla Antibody.

2.6 "Licensed Products" means products, for any use, incorporating any Humanized Anti-gpllb/llla Antibody, including all or any part thereof, whether or not developed by PDL under this Agreement.

2.7 "Net Sales" means the gross invoice price charged by YAMANOUCHI for any Licensed Product sold to third parties in bona fide arm's length transactions less the following deductions as incurred by YAMANOUCHI:
(a) discounts and rebates;
(b) returns;
(c) charges of transportations, insurance and packing; and
(d) duties and taxes assessed on sales.

2.8 "Non-Exclusive Period" means the term, if any, beginning the later of January 1, 1995 or one year after the last payment pursuant to Paragraphs 5.6.1(a), (b), (c) and (d) and ending on the termination or expiration of the Agreement. Once the payment of Paragraph 5.6.1(e) is paid, there is no Non-Exclusive Period under this Agreement.

2.9 "Technical Information" means confidential proprietary technical information, know-how and materials owned by YAMANOUCHI or PDL as of the Effective date, or hereinafter developed by YAMANOUCHI or PDL in connection with this Agreement and relating to the Hybridoma Cell Line or Humanized Anti-gpllb/llla Antibody or their manufacture or use for any purpose. In particular, the producer cell line(s) developed by PDL under this Agreement is PDL Technical Information.

2.10 "YAMANOUCHI" is understood to include all of its Affiliates. An "Affiliate" means any corporation or other business entity controlled by, controlling or under common control with YAMANOUCHI; "control" means direct or indirect beneficial ownership of at least 50% of the voting shares of a corporation or any corporation in which the maximum amount of stock permitted by law is beneficially owned by YAMANOUCHI.

3. DEVELOPMENT

3.1 Delivery of Hybridoma Cell Line.
Immediately upon execution of this Agreement, YAMANOUCHI shall. provide to PDL a sufficient quantity of a Hybridoma Cell Line together with any Technical Information which in the judgment of YAMANOUCHI and PDL would be useful in assisting PDL to accomplish the objectives of this Agreement. Upon completion of the development work contemplated under this Agreement or termination of this Agreement, which ever is earlier, any and all quantities of the Hybridoma Cell Line in the possession of PDL shall immediately be returned to YAMANOUCHI or destroyed, in accordance with YAMANOUCHI'S instruction.

3.2 Development of Humanized Antibody.

3.2.1 Upon receipt of the Hybridoma Cell Line, PDL shall immediately commence and diligently pursue commercially reasonable efforts to apply its proprietary humanization technology to the Murine Anti-gpllb/llla Antibody with the objective of producing:
(a) a humanized anti-gpllb/llla intact antibody;
(b) a humanized F(ab')2 fragment of such antibody;
and
(c) a humanized Fab fragment of such antibody.

3.2.2 PDL agrees to provide YAMANOUCHI with reports upon determination of DNA sequence of Murine Anti-gpllb/llla Antibody, upon completion of a chimeric anti-gpllb/llla antibody and upon completion of the humanization of anti-gpllb/llla intact antibody.

3.3 Manufacturing Agreements.
Upon request by YAMANOUCHI, PDL agrees to consider manufacturing Humanized Anti-gpllb/llla Antibody for and on behalf of YAMANOUCHI on terms to be reasonably negotiated.

4. OWNERSHIP AND EXPLOITATION OF RESULTS

4.1 YAMANOUCHI Rights.
The Humanized Anti-gpllb/llla Antibody developed by PDL under. this Agreement, as well as all results of pharmacological, toxicology and other tests and evaluations relating thereto, shall be exclusively used for commercial purposes by YAMANOUCHI, subject to any rights of third parties and YAMANOUCHI's obligations of confidentiality hereunder.

4.2 Patent Applications/Patents.

4.2.1 During the Exclusive Period: PDL shall file and prosecute all U.S. patent applications on Humanized Anti-gpllb/llla Antibody, which will be jointly assigned to PDL and YAMANOUCHI. PDL shall use its best efforts to have such applications granted. YAMANOUCHI, at its option, shall have the right to file and prosecute all non-U.S. patent applications on Humanized Anti-gpllb/llla Antibody which will be jointly assigned to PDL and YAMANOUCHI. Each party shall keep the other informed as to the patent filing and prosecution status and will provide the other with copies of the patent application(s) and subsequent correspondence with the various patent examining offices. Within thirty days of YAMANOUCHI's receipt of a statement from PDL,

YAMANOUCHI agrees to reimburse PDL for all direct costs including fees, out-of-pocket legal expenses, etc. charged to PDL by non-PDL entities with respect to the filing, prosecution and maintenance of Licensed Patents.

4.2.2 During the Non-Exclusive Period or upon. termination of the Agreement: PDL and YAMANOUCHI shall mutually agree as to the filing and prosecution of all Licensed Patents. Neither party shall be obligated to account to the other for its use or exploitation or sublicensing of jointly owned Licensed Patents; provided however, rights to the Humanized Anti-gpllb/llla Antibody developed by PDL are vested exclusively in YAMANOUCHI as provided in Paragraph 4.1 of this Agreement.

4.3 Infringement by Others/Infringement Claims.

4.3.1 During the Exclusive Period and the Non-Exclusive Period: YAMANOUCHI shall be responsible for prosecuting patent infringements of Licensed Patents by third parties and/or defending patent infringements claimed by third parties. PDL shall cooperate with YAMANOUCHI in providing information reasonably necessary to such actions.

4.3.2 Upon termination of the Agreement: PDL and YAMANOUCHI each have the right to prosecute patent infringements of Licensed Patents by third parties.

4.4 PDL Rights.
The producer cell line and all other Technical Information developed or used by PDL under this Agreement shall remain the property of PDL. Upon receipt of the Second Benchmark Payment provided for in Paragraph 5.2.3, PDL will disclose the sequence information about Humanized Anti-gpllb/llla Antibody and PDL shall provide Technical Information to YAMANOUCHI to the extent necessary to enable YAMANOUCHI to effectively develop, seek marketing approval for, manufacture and market any Humanized Anti-gpllb/llla Antibody developed by PDL under this Agreement, subject however to the confidentiality obligations set forth herein.

4.5 Grant of Licenses.
Conditioned upon and effective on the date of receipt by PDL of the Second Benchmark Payment of Paragraph 5.2.3, PDL shall grant to YAMANOUCHI the following licenses, to the extent necessary for YAMANOUCHI to make, have made, use or sell any Humanized Anti-gpllb/llla Antibody developed by PDL:

(a) a worldwide nonexclusive license under Background Patents or other proprietary rights owned by PDL for the sole purpose of enabling YAMANOUCHI to make, have made, use or sell any Humanized Anti-gpllb/llla Antibody developed by PDL.

(b) a worldwide nonexclusive sublicense under the Medical Research Council (MRC) of England's so-called Winter (Application Number UK PA 8607679 27.03.86) and Boss (European Patent Application 0 120 694 (84301996.9)) patent applications for the sole purpose of enabling YAMANOUCHI to make, have made, use or sell any Humanized Anti-gpllb/llla Antibody developed by PDL;

(c) to the extent PDL is legally able to do so and upon request by YAMANOUCHI, nonexclusive sublicense(s) to any other third party patents licensed to PDL for the sole purpose of enabling YAMANOUCHI to make, have made, use or sell any Humanized Anti-gpllb/llla Antibody developed by PDL; and

(d) a worldwide exclusive license to PDL's rights in those specific claims, if any, in Licensed Patents which claim Humanized Anti-gpllb/llla Antibody developed by PDL.

4.6 Exclusivity Agreement.
PDL agrees not to humanize any other murine antibody, or part thereof, against the target antigen gpllb/llla for any other party during the Exclusive Period.

4.7 License to Third Parties.
Upon written request by YAMANOUCHI, PDL shall grant the rights granted to YAMANOUCHI under Paragraph 4.5 to other company(ies) to enable said other company(ies) to manufacture and market Humanized Anti-gpllb/llla Antibody developed by PDL; provided, however, that YAMANOUCHI and said other company agree with PDL in writing that:

(a) said other company(ies) is bound by the terms of this Agreement;

(b) sales by said other company(ies) shall be deemed sales by YAMANOUCHI; and

(c) YAMANOUCHI is responsible for compliance with this Agreement by said other company(ies).

5. PAYMENTS

5.1 Payment on Execution.
Within ten (10) days of the execution of this Agreement, YAMANOUCHI shall pay to PDL a nonrefundable Development and License issue fee of One Million Dollars (US $1,000,000). PDL shall use commercially reasonable efforts to deliver samples of:
(i) a humanized anti-gpilb/llla intact antibody;
(ii) a humanized F(ab')2 fragment thereof; and
(iii) a humanized Fab fragment thereof;
("Delivered Samples") within one year of the receipt by PDL of Hybridoma Cell Line from YAMANOUCHI; however, pursuant to Paragraph 5.2.8 below, PDL may deliver Delivered Samples to YAMANOUCHI within fifteen (15) months without penalty.

5.2 Benchmark Payments.

5.2.1 YAMANOUCHI shall make the determination whether or not each of Delivered Samples has a binding affinity not less than 25% of the corresponding original Murine Anti-gpllb/llla Antibody or fragments thereof ("Binding Affinity Requirement") within sixty (60) days after receipt of such Delivered Samples. YAMANOUCHI and PDL agree that binding affinity will be measured by the method of competitive binding set forth in Queen, et al., Proceedings of the National Academy of Sciences, USA, 86, 1030 (1989). YAMANOUCHI agrees to provide PDL with samples of Murine Anti-gpllb/llla Antibody, F(ab')2 and Fab fragments thereof in order for PDL to perform the competitive binding assay. In addition, PDL agrees to perform Scatchard plot analyses of Delivered Samples. If such Delivered Samples meet the Binding Affinity Requirement, YAMANOUGHI shall pay PDL [ ] ("First Benchmark Payment") within thirty (30) days after such determination. If YAMANOUCHI has not determined the binding affinity within sixty (60) days after receipt of last Delivered Sample, then First Benchmark Payment is due ninety (90) days after receipt of last Delivered Sample.

5.2.2 YAMANOUCHI and PDL shall promptly commence inhibition of platelet aggregation and other in vitro assays as described in Exhibit A to determine the biological activity of Delivered Samples. Within one (1) month of receipt by YAMANOUCHI of the last of Delivered Samples, YAMANOUCHI shall inform PDL in writing if the platelet aggregation inhibition activity of each
CONFIDENTIAL TREATMENT REQUESTED
Delivered Sample does or does not meet YAMANOUCHI's criteria for further development.

5.2.3 If YAMANOUCHI informs PDL that one or more of Delivered Samples meets YAMANOUCHI's criteria for further development, PDL shall commence production of sample quantities sufficient for further testing. YAMANOUCHI shall pay PDL [ ] ("Second Benchmark Payment") within four (4) months of receipt by YAMANOUCHI of:
[ ] mg of humanized anti-gpllb/llla intact antibody;
[ ] mg of humanized F(ab')2 fragment thereof; and
[ ] mg of humanized Fab fragment thereof.

Concurrent with such payment, YAMANOUCHI shall inform PDL in writing as to which cell line YAMANOUCHI wishes PDL to deliver pursuant to Paragraph 5.2.4.

5.2.4 YAMANOUCHI shall pay PDL [ ] ("Third Benchmark Payment") upon receipt of the producer cell line requested by YAMANOUCHI pursuant to Paragraph 5.2.3, said producer cell line having an expression level, as measured under standard tissue culture conditions, of at least:
[ ] mg/106cells/ml/24 hours, if producing humanized anti-gpllb/llla intact antibody;
the molar equivalent of [ ]mg/106cells/ml/24 hours intact antibody, if producing F(ab')2;
the molar equivalent of [ ]mg/106cells/ml/24 hours intact antibody, if producing Fab.

5.2.5 If Delivered Samples do not meet the Binding Affinity Requirement and YAMANOUCHI requests in writing that PDL develop another Humanized Anti-gpllb/llla Antibody, PDL will have the option at no additional cost to YAMANOUCHI to develop another Humanized Anti-gpllb/llla Antibody. If PDL delivers to YAMANOUCHI another Humanized Anti-gpllb/llla Antibody which meets the Binding

Affinity Requirement, YAMANOUCHI shall pay PDL the Benchmark Payment in accordance with Paragraph 5.2.1.

5.2.6 If PDL has received written notice pursuant to Paragraph 5.2.2 that the platelet aggregation activity of Delivered Samples do not meet YAMANOUCHI's requirement for further development and YAMANOUCHI requests in writing that PDL develop another Humanized Anti-gpllb/llla Antibody, PDL will have the option at no additional cost to YAMANOUCHI to develop another Humanized Anti-gpllb/llla Antibody. If PDL delivers to YAMANOUCHI another Humanized Anti-gpllb/llla Antibody which meets
CONFIDENTIAL TREATMENT REQUESTED
YAMANOUCHI's platelet aggregation activity requirement for further development, YAMANOUCHI shall so inform PDL and PDL will produce testing samples as provided in Paragraph 5.2.3.

5.2.7 Notwithstanding the failure to meet the Binding Affinity Requirement, if YAMANOUCHI decides to proceed to conduct animal studies with Humanized Anti-gpllb/llla Antibody or any other Licensed Product, YAMANOUCHI agrees to pay PDL the First Benchmark Payment prior to so proceeding.

5.2.8 If PDL has not delivered Delivered Samples within fifteen (15) months of the receipt of the Hybridoma Cell Line from YAMANOUCHI, the First Benchmark Payment will be reduced by 5% for each month thereafter until PDL delivers Delivered Samples. If PDL delivers Delivered Samples prior to the one year period, YAMANOUCHI agrees to pay PDL an additional 5% of the First Benchmark Payment for each month by which PDL's delivery precedes the end of such period. For example, if PDL delivers Delivered Samples within 10 months of the receipt of the Hybridoma Cell Line, YAMANOUCHI shall pay PDL [ ]; if PDL delivers Delivered Samples no later than fifteen months from the receipt of the Hybridoma Cell Line, YAMANOUCHI shall pay PDL $880,000; if PDL delivers Delivered Samples within 18 months of the receipt of the Hybridama Cell Line, YAMANOUCHI shall pay PDL $680,000. Neither bonuses nor penalties will be applied if PDL develops another Humanized Anti-gpllb/llla Antibody(s) pursuant to Paragraphs 5.2.5 or 5.2.6. For purposes of this Paragraph 5.2.8, a "month" means the time period from the actual date in one month to the same date in the next month, i.e., November 10 to December 10 constitutes one month.

5.3 Royalties to PDL.

YAMANOUCHI agrees to pay PDL earned royalties of [ ] on the Net Sales of all Licensed Products sold by YAMANOUCHI for a period of [ ] years from the date of first commercial sale of any Licensed Product in each country. YAMANOUCHI agrees to promptly inform PDL in writing of the date of first commercial sale in each country. In the event of significant material improvements made by YAMANOUCHI on the Licensed Products, PDL and YAMANOUCHI shall discuss and agree upon lower royalties than [ ].

5.4 Royalties to Third-Parties.

5.4.1 YAMANOUCHI shall pay MRC earned royalties of [ ] on the Net Sales of all Licensed Products sold by YAMANOUCHI in each country where the Winter and Boss patents are valid under the sublicense of Paragraph 4.5(b).

5.4.2 PDL shall discuss with YAMANOUCHI the necessity of any sublicenses of Paragraph 4.5(c). [ ]. If YAMANOUCHI wishes to obtain such nonexclusive sublicense(s) to any other third party patents nonexclusively licensed to PDL and which PDL is legally able to sublicense to YAMANOUCHI, royalties under such sublicense(s) shall be borne by YAMANOUCHI.

5.4.3 Third party royalties, including those payable to the MRC, borne by YAMANOUCHI shall be paid by YAMANOUCHI through PDL who shall remit payment to such third party licensor(s). At PDL's option, YAMANOUCHI shall make direct payment to such third parties of the third party royalties borne by YAMANOUCHI.

5.5 Combination Products.

If a Licensed Product is sold in a combination containing another or other biologically active therapeutic ingredient(s) which are not Licensed Products, then Net Sales for purposes of determining royalty payments on the combination shall be calculated by multiplying the Net Sales of the combination by a fraction, the numerator of which shall be the established market price for the Licensed Product contained in the combination and the denominator of which shall be the sum of the established market prices for the Licensed Product and each other

biologically active therapeutic ingredient in the combination. When separate market prices for such ingredients are not established, then the parties shall negotiate in good faith to determine a fair and equitable method of calculating Net Sales for the combination.

5.6 Exclusive Period Maintenance Fees.

5.6.1 YAMANOUCHI, at its option, may elect to maintain the Exclusive Period beyond January 1, 1995 on a year to year basis by paying the following Exclusive Period maintenance fees:

(a) [ ] beginning January 1, 1995 and each January thereafter until January 1, [ ];

(b) [ ] on January 1, [ ];

(c) [ ] on January 1, [ ];

(d) beginning January 1, [ ] and each January 1 thereafter:

(i) prior to the first commercial sale for therapeutic purposes, [ ]; or

(ii) after the first commercial sale for therapeutic purposes, [ ].

(e) Upon payment by YAMANOUCHI of cumulative earned royalties of [ ] to PDL, the maintenance fees otherwise required above will no longer be payable.

5.6.2 The maintenance fees of Paragraph 5.6.1 are nonrefundable but shall be credited to YAMANOUCHI against up to fifty percent (50%) of each earned royalty payment which YAMANOUCHI would be required to pay pursuant to Paragraph 5.3 until the entire credit is exhausted.

6. REPORTS, PAYMENTS, ACCOUNTING

6.1 Reports and Payment.

After the first commercial sale, YAMANOUCHI shall make written reports and earned royalty payments to PDL within ninety (90) days after the end of each calendar quarter. This report shall state the number, description, and aggregate Net Sales of Licensed Products during such completed calendar quarter, and resulting calculation pursuant to Paragraphs 5.3 and 5.4 of earned royalty payment for such completed calendar quarter. Concurrent with the making of each such report, YAMANOUCHI shall include payment of royalties for the calendar quarter covered by such report. All payments to PDL shall be in U.S. Dollars and net of all non-U.S. taxes.

6.2 Accounting.

YAMANOUCHI agrees to keep records for a period of three (3) years showing the manufacturing, sales, use, and other disposition of Licensed Products sold or otherwise disposed of under this Agreement in sufficient detail to enable the royalties payable hereunder by YAMANOUCHI to be determined, and further agrees to permit its books and records to be examined from time to time to the extent necessary to verify reports provided for in Paragraph 6.1. Such examination is to be made by PDL, or at PDL's option an independent auditing firm selected by PDL, at the expense of PDL, except in the event that the results of the audit reveal a discrepancy in YAMANOUCHI's favor of five percent (5%) or more, then all expenses of the examination shall be paid by YAMANOUCHI. Any discrepancies will be promptly corrected by payment by either party.

6.3 Currency Conversion.

The royalty on sales made in currencies other than U.S. Dollars shall be calculated using the average of the daily exchange rates for such currency quoted by Citibank N.A.'s foreign exchange desk, for each of the last thirty (30) banking days of each calendar quarter. All payments to PDL shall be in U.S. Dollars and net of all non-U.S. taxes.

6.4 Progress Report.

On or before September 1 of each year until YAMANOUCHI markets a Licensed Product(s), YAMANOUCHI shall make a written annual report to PDL covering the year ending an the preceding June 30, regarding the progress of YAMANOUCHI toward commercialization of Licensed Products. Such report shall include, as a minimum, information sufficient to enable PDL to ascertain progress by YAMANOUCHI toward developing and marketing Licensed Products.

7. WARRANTIES; NO WARRANTIES, INDEMNIFICATION

7.1 Warranties.

The parties warrant that they know of no legal reason to prevent them from entering into this Agreement.

7.2 No Warranties.

PDL makes no representations or warranties, express or implied,

with respect to any producer cell line or Humanized Anti-gpllb/llla Antibody delivered to YAMANOUCHI under this Agreement. In particular, PDL makes no representations or warranties as to the merchantability or fitness for any particular purpose of any such antibody or that its manufacture, use or sale will not infringe any patent or other proprietary rights other than those licensed or sublicensed hereunder.

7.3 Indemnification.
YAMANOUCHI will indemnify and hold PDL harmless against any and all liability, loss, damage, claim or expense (including reasonable attorney's fees) resulting from any use, testing, manufacture, packaging, labeling, or sale by YAMANOUCHI of any producer cell line, antibody, antibody fragment thereof or any Licensed Products.

8. CONFIDENTIALITY AND PUBLICATIONS.

8.1 Confidentiality.
Each party shall keep confidential, and shall not use for any purpose other than the development and commercial exploitation of any Humanized Anti-gpllb/llla Antibody developed by PDL hereunder, during the term of this Agreement and for five years after termination hereof, all Technical Information supplied by the other, provided however, that the foregoing obligation of confidentiality shall not apply to the extent that any Technical Information:
(a) is already known to the recipient at the time of disclosure or is developed by recipient thereafter in the course of work entirely independent of any disclosure by the other party;
(b) is publicly known prior to or becomes publicly known after disclosure other than through acts or omissions of the recipient; or
(c) is lawfully disclosed in good faith to recipient by a third party.
In addition, disclosure may be made by YAMANOUCHI (i) to governmental agencies to the extent required or desirable to secure governmental approval for the development or marketing of any Humanized Anti-gpllb/llla Antibody developed by PDL provided that all reasonably possible steps are taken by YAMANOUCHI to assure the confidentiality of the information in the hands of such agencies, or (ii) to preclinical and clinical investigators under a secrecy agreement with essentially the same confidentiality provisions contained herein and then only where necessary for YAMANOUCHI to exercise its rights hereunder. YAMANOUCHI shall be responsible for any breach of these confidentiality obligations by the parties above.
YAMANOUCHI and PDL agree that a breach or threatened breach of any of the confidentiality obligations contained herein will result in irreparable and continuing damage to the other party for which there will be no adequate remedy at law and that, in the event of such breach or threatened breach, the damaged party shall be entitled to injunctive relief, an order for specific performance and/or other provisional or equitable relief, and such other and further relief as may be proper (including money damages).

8.2 Publications.
Each party agrees to give the other party reasonable opportunity to review and comment on any proposed publication arising from the development of a Humanized Anti-gpllb/llla Antibody under this Agreement. Determination of authorship for any paper shall be in accordance with accepted scientific practice.

9. TERM AND TERMINATION

9.1 Term.
This Agreement is effective on the date first set forth above and shall, unless terminated earlier in accordance with this Article 9, continue until expiration of the obligation to pay royalties to PDL, or to MRC or other third parties through PDL, in accordance with Paragraphs 5.3 and 5.4 above, whichever is later; provided, however, this Agreement shall be continued on a country-by-country basis so long as YAMANOUCHI elects to maintain this Agreement by paying revised royalties after the expiration of YAMANOUCHI's obligation to pay royalties in accordance with Paragraph 5.3. In such case, PDL and YAMANOUCHI shall discuss and agree upon revised royalties which shall be lower than the earned royalties defined in Paragraph 5.3.

9.2 Termination.

9.2.1 YAMANOUCHI may terminate this Agreement immediately on written notice by YAMANOUCHI to PDL if:
(a) the Humanized Anti-gpllb/llla Antibody(ies) does not meet the Binding Affinity Requirement or come sufficiently close thereto for YAMANOUCHI to wish to further pursue this Agreement; or
(b) the platelet aggregation inhibition activity of

each Delivered Sample does not meet YAMANOUCHI's criteria for further development; or
(c) the producer cell line delivered to YAMANOUCHI in accordance with Paragraph 5.2.3 does not have an expression level defined in Paragraph 5.2.4.

9.2.2 PDL may terminate this Agreement if YAMANOUCHI:
(a) Is in default in payment of any payment or providing of reports; or
(b) Is in breach of any provision hereof; or
(c) Provides any materially false report; and
YAMANOUCHI fails to remedy any such default, breach, or false report within thirty (30) days after written notice thereof by PDL.

9.2.3 Either party may terminate this Agreement, and the licenses granted herein if: (a) the other party becomes insolvent or enters in any arrangement or composition with creditors, or makes an assignment for the benefit of creditors; (b) there is a dissolution, liquidation or winding-up of the other party's business; or (c) a trustee in bankruptcy of the assets of the other party is appointed and such trustee does not, within thirty (30) days after receipt of written notice from the other party, confirm this Agreement and provide adequate assurance that the terms and conditions hereof shall faithfully be fulfilled.

9.2.4 The right of either party to terminate this Agreement as provided above shall not be affected in any way by its waiver of, or failure to take action with respect to, any previous failure to perform hereunder.

9.2.5 Surviving any termination or expiration of this Agreement are:
(a) YAMANOUCHI's obligation to pay royalties or other fees accrued or accruable;
(b) the confidentiality obligations under Article 8;
(c) the indemnity provisions of Paragraph 7.3.

9.2.6 Upon termination other than expiration of this Agreement in accordance with Paragraph 9.1, PDL will return to YAMANOUCHI all biological material owned by YAMANOUCHI, YAMANOUCHI will return to PDL all biological material owned by PDL and all licenses and sublicenses will terminate.

10. MISCELLANEOUS

10.1 Force Majeure.
Neither party shall be responsible to the other for any failure or delay in performing any of its obligations under this Agreement or for other non-performance hereof provided that such delay or non-performance is occasioned by a cause beyond the reasonable control and without fault or negligence of such party, including, but not limited to fire, flood, explosion, discontinuity in the supply of power, court order or governmental interference, act of God, strike or other labor trouble and provided that such party will immediately inform the other party and that it will entirely perform its obligations immediately after the relevant cause has ceased its effect.

10.2 Arbitration.
Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, which cannot be satisfactorily resolved by the parties by correspondence or mutual conference shall be determined by arbitration in Santa Clara, California, or such other venue as may be mutually agreed upon, under the then prevailing rules of the American Arbitration Association; provided however, that if any issue in dispute involves scientific or technical matters, the arbitrator(s) chosen shall have educational training and/or experience sufficient to demonstrate a reasonable level of knowledge in the field of biotechnology. The decision of the arbitrators shall be final and binding and any party may apply for judgment upon the award rendered by the arbitrator(s) in a court having jurisdiction thereover.

10.3 Notices.
All notices, documents, statements, reports and other writings required or permitted to be given by the terms of this Agreement shall be sent either by pre-paid, registered or certified mail, telegram, telecopier or telex, addressed as follows:

To PDL: Protein Design Labs, Inc.
2375 Garcia Avenue
Mountain View, CA 94043
USA

Attention: President

with a copy to: Marta L. Morando
Ware & Freidenrich
400 Hamilton Avenue
Palo Alto, CA 94301
USA

TO YAMANOUCHI: Yamanouchi Pharmaceutical Company
No. 1-8 Azusawa 1-chome
Itabashi-ku, Tokyo 174
Japan
Attention:
Hiroshi Gushima, Ph.D.
Director of Molecular Biology Dept.,
Biomedical Research Labs 11,
Central Research Labs

Each party may change its address upon written notice to the other party and each notice shall be deemed to be given upon receipt.

10.4 Governing Law.
This Agreement shall be subject to the laws of California, United States of America.

10.5 Entire Agreement.
This Agreement embodies the entire understanding of the parties relating to the subject matter hereof and supersedes all prior understandings and agreements except that certain Confidentiality Agreement dated November 1, 1990 which shall continue to govern any Confidential Information shared other than pursuant to this Agreement. No modification or amendment of this Agreement shall be valid or binding except by a writing signed by each of the parties.

10.6 Assignment.
This Agreement may not be assigned except (a) with the advance written consent of the other party, which consent shall not be unreasonably withheld, or (b) as part of a sale or transfer of substantially the entire business relating to operations pursuant to this Agreement.

10.7 Counterparts.
This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts together shall constitute one agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Development and License Agreement in duplicate originals by their duly-authorized officers or representatives.

PROTEIN DESIGN LABS, INC.
YAMANOUCHI PHARMACEUTICAL CO., LTD.

By: /s/ Laurence Jay Korn
By: /s/Moriyoshi Inubai

Title: President
Title: Director of Central Research Laboratories

EXHIBIT A

Methods for the binding assay of anti-GPllb/llla antibodies

Iodination of antibodies

Antibodies (lgG whole molecule, F(ab')2 and Fab fragment) were iodinated using chrolamine T. One hundred m Ci of 125I were incubated with the antibodies (15m g of 1gG. 10m g of F(ab')2, 5m g of Fab') for 4 min. in the presence of 1 m g of chrolamine T. Free 125I was separated from the antibody on a Sephadex G-25 column. 3-15 m Ci of 125I were incorporated into 1 m g of protein corresponding to 1000 - 2000 cpm/fmole protein.

Platelet preparation

Platelete-rich plasma (PRP) was prepared by differential centriguation of anti-coagulated blood from a normal donor. Platelets were washed three times with modified Tyrode's buffer (0.13M NaC1, 2.6mM KC1, 0.4mM NaH2P04, 12mM NaHCO3, 5.5mM glucose, 2% bovine serum albumin, pH 7.4) containing lmM

EDTA. Washed platelets (WP) were used for the binding experiment of antibodies.

For the antibody binding assay of stimulated platelets, ADP (final concentration: 10 m M) or thrombin (final concentration: 0.3U/ml) was added together with CaC12 (1mM final) just before or after the addition of the radio-labelled antibody.

Antibody binding assay

Washed platelets (3 x 106 platelets/tube for antibody B, 1-3 x 107 platelets/tube for antibody C) were incubated with constant amount (100pM) of 125I-labelled antibody in the presence or absence of various amounts of unlabelled antibody, for 1hr at room temperature. Platelets and antibodies were diluted with modified Tyrode's buffer without EDTA and total volume of the assay mixture was adjusted to 500 ml. Incubation was stopped by adding 2 ml of ice-cold buffer and free antibody was separated from bound antibody by the centrifugation for 10 min. at 3000rpm. Tubes were then counted in a gamma counter.

Nonspecific binding was determined by adding 1300 fold-excess (10 m g) cold antibody before adding the labelled antibody.
Dessociation constants(Xd) and No. of binding sites (Bmax) were determined by Scatchard plot analysis.
Fibrinogen binding assay

Human fibrinogen (Sigma, F4883) was iodinated as described above except that 300 m g of fibrinogen were used, resulting in specific radioactivityi at 0.02 m Ci/m g. ADP-stimulated platelets (3 x 107/tube) were incubated with 125I-fibrinogen (1 m g) in the presence or absence of increasing amounts of cold [illegible].

Platelet Preparation

Platelet-rich plasma (PRP) was obtained by centrifugation of the citrated blood at 110 X g for 10 minutes at room temperature. After removal of PRP, the remaining sample was centrifuged at 1500 X g for 15 minutes to obtain platelet poor plasma (PPP). Platelet counts in PRP were determined by hemocytometery and adjusted to a final concentration of 3X103/ml with autologous PPP.

Platelet Aggregometry

A 200 ul aliquot of PRP was warmed to 37 C in a silanized cuvette and stirred continuously at 1200 rpm in an aggregometer HEMA TRACER (Niko Bioscience Co., Ltd.). After equilibration for 1 min. ADP (Sigma Chemical Co.) at a final concentration of 20 uM or 2 uM or bovine tendon collagen (Sigma Chemical Co.) at a final concentration of 20 ug/ml was added and aggregation was recorded as an increase in light transmission, with that of PRP and PPP representing 0% and 100% transmission, respectively. For deaggregation experiments, 1gG or its fragments, or an equivalent volume of Tris-Buffered Saline (TBS) was added as light transmission approached a maximum and at selected later time intervals. Deaggregation (inhibition of aggregation) was assessed as the decrease in light transmission measured 5 minutes after addition of sample or saline as expressed as a percentage of the maximal light transmission.
Platelet studies were completed within 3 hours after blood collection.

CONFIDENTIAL TREATMENT REQUESTED

Amendment No. 1
to the
February 12, 1991
Development and License Agreement
between
Protein Design Labs, Inc.
and
Yamanouchi Pharmaceutical Co., Ltd.

Effective March 27, 1991 ("Effective Date"), PROTEIN DESIGN LABS, INC., a Delaware corporation having offices at 2375 Garcia Avenue, Mountain View, CA 94043 USA ("PDL") and YAMANOUCHI PHARMACEUTICAL CO., LTD., a Japanese corporation having offices at No. 1-8 Azusawa 1-chome, Itabashi-ku, Tokyo 174 Japan ("YAMANOUCHI") agree as follows:

1. BACKROUND

1.1 PDL and YAMANOUCHI are parties to a February 12, 1991

Development and License Agreement covering humanized monoclonal antibodies against gpllb/llla ("Original Agreement").

1.2 PDL and YAMANOUCHI wish to amend Original Agreement to clarify each party's obligations with respect to non-U.S. withholding taxes.

1.3 In addition, PDL and YAMANOUCHI wish to correct certain typographical errors.

2. AMENDMENT

2.1 The last sentence of Paragraph 6.1 of Original Agreement is deleted and the following sentence added to Paragraph 6.1:
All payments to PDL shall be in U.S. Dollars.

2.2 Paragraphs 6.1.1, 6.1.2 and 6.1.3 are added as follows:

6.1.1 The Development and License issue fee, all Benchmark Payments and all Exclusive Period maintenance fees shall be remitted to PDL in full without deducting any Japanese withholding taxes and PDL agrees to return to YAMANOUCHI amounts, if any, that represent an actual reduction in PDL U.S. taxes permanently realized as a result of taxes paid in Japan by YAMANOUCHI on behalf of PDL. YAMANOUCHI shall provide copies to PDL of all tax receipts for taxes paid in Japan by YAMANOUCHI or other company(ies) defined in Paragraph 4.7 on behalf of PDL.

6.1.2 Earned royalty payments remitted to PDL under Paragraph 5.3 shall be reduced by the amount of all non-U.S. withholding taxes paid by YAMANOUCHI or other company(ies) defined in Paragraph 4.7 on behalf of PDL. PDL is not required to return recovered U.S. taxes realized as a result of taxes paid in other countries than the U.S.A., if any. Notwithstanding the foregoing:
a) in the case of sales made into Japan, earned royalty payments remitted to PDL shall not be below [ ];
b) in the case of sales made into the United States, earned royalty payments remitted to PDL shall not be below [ ] and
c) in the case of sales made into countries other than Japan or the United States, earned royalty payments remitted to PDL shall not be below [ ].
YAMANOUCHI shall provide copies to PDL of all tax receipts for taxes paid, if any, by YAMANOUCHI or other company(ies) defined in Paragraph 4.7 on behalf of PDL.

6.1.3 earned royalties remitted to third parties under Paragraph 5.4 shall be paid in full without deducting any withholding taxes unless otherwise agreed upon with such third parties. In no event shall PDL's earned royalty payments remitted to PDL after deductions permitted by Paragraph 5.4 be less than [ ].

2.3 The last sentence of Paragraph 6.3 is deleted and the following sentence substituted in its place:
All payments to PDL shall be in U.S. Dollars.

2.4 Paragraph 5.2.4 is amended to change "mg" to "ug":

CONFIDENTIAL TREATMENT REQUESTED
[ ] mg/106cells/ml/24 hours, if producing humanized anti-gpllb/llla intact antibody;
the molar eqivalent of [ ]mg/106 cells/ml/24 hours intact antibody, if producing F(ab')2;
the molar equivalent of [ ]mg/106 cells/ml/24 hours intact antibody, of producing Fab.

2.5 All other provisions of Original Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment in duplicate originals.
PROTEIN DESIGN LABS, INC.
YAMANOUCHI PHARMACEUTICAL CO., LTD.

By: /s/ Laurence Jay Korn
By: /s/ Moriyoshi Inubai

Title: President
Title: Director of Central Research Laboratories