

## PATENT LICENSE AGREEMENT

This patent license agreement (**Agreement**) has been concluded on [insert date] (**Effective Date**) by and between

[insert name], a company established and existing under the laws of [insert country], commercial registry code [insert code], located at [insert address] (**Licensor**), represented by [insert position and name], and

[insert name], a company established and existing under the laws of [insert country], commercial registry code [insert code], located at [insert address] (**Licensee**),

each also a **Party** and jointly the **Parties**.

WHEREAS:

- A. *Licensor has the right and authority to license to the Licensee the right to use the patent and know-how listed in Appendix A to this Agreement (**Patent(s)**);*
- B. *Parties are in agreement with respect to terms and conditions upon which Licensee shall use the Patent(s);*
- C. *The Territory [the world]OR [insert geographical area]; and [...];*
- D. *The Know-How is unpatented technical information in the technical field related to the Patent(s) developed prior to the Effective Date by the Licensor, that is not in the public domain and that relates directly to the inventions claimed in the Patent(s);*

THE PARTIES THEREFORE AGREE AS FOLLOWS:

### 1. LICENSE GRANT

- 1.1 The Licensor grants to the Licensee [a non-exclusive][an exclusive] licence under the Patent(s), and to use the Know-how, to develop, manufacture, have manufactured, use and sell Licensed Products only in the Territory.
- 1.2 The Licensee will not assign the Licence but may grant sub-licences, [provided in each case its first obtains the written consent of the Licensor, which will not be unreasonably withheld or delayed], and may disclose to sub-licensees such of the Know-how as is necessary for the exercise of the rights sub-licensed, provided that:
  - 1.2.1 the Licensee must provide the Licensor with a copy of each sub-licence within 30 days after its grant;
  - 1.2.2 obligations and conditions matching those in this Agreement, and sufficient to protect the security of the Know-how, the Patent(s)s, and the interests of the Licensor, must be imposed on every sub-licensee;
  - 1.2.3 the royalties and other payments required by the sub-licence are at rates or amounts not less than provided for in this Agreement;
  - 1.2.4 the sub-licence must terminate immediately on the termination of this Agreement for any reason;
  - 1.2.5 the sub-licence must be personal to the sub-licensee and not capable of assignment without the Licensor's written consent; and

- 1.2.6 the Licensee must indemnify the Licensor and keep the Licensor indemnified against any and all loss, damages, costs, claims or expenses which are awarded against or suffered by the Licensor as a result of any act or omission of the sub-licensee.
- 1.3 The Licensee will ensure that the Licensed Products and the packaging associated with them are marked suitably with any relevant patent or patent application numbers to satisfy the laws of each of the countries in which the Licensed Products are sold or supplied and in which they are covered by the claims of any of the Patent(s).
- 1.4 No licence is granted to the Licensee other than as expressly stated in this clause 1. The Licensor reserves all other rights under the Patents and in respect of the Know-how.

## 2. TERM

- 2.1 This Agreement enters into force on the Effective Date and remains in force for an indefinite period of time, unless terminated earlier (**Term**).

## 3. INTELLECTUAL PROPERTY RIGHTS

- 3.1 The Licensee will, at the Licensee's expense, use all reasonable endeavours to obtain patents in the Licensor's name pursuant to each of the patent applications listed in the Appendix A and will pay [insert figure]% of all renewal fees in respect of the Patents when they fall due. If at any time the Licensee notifies the Licensor that the Licensee does not wish to reimburse the Licensor's costs in respect of any of the Patents, the Licence will be deemed to exclude those Patents and the Licensee's responsibility for the future costs and expenses will terminate in respect of those Patents on the date of the Licensor's receipt of the Licensee's notice.
- 3.2 Any rights, including intellectual property rights, not expressly granted to the Licensee under this Agreement are reserved to the Licensor. The Licensee will not, directly or indirectly, use the Patent(s) in any way other than as permitted under this Agreement.

## 4. INSPECTION

- 4.1 The Licensor has the right, upon reasonable written notice to inspect Licensee's books and records and all other documents and material in the possession of or under the control of Licensee with respect to this Agreement. The Licensor shall have free and full access thereto for such purposes and shall be permitted to make copies thereof and extracts therefrom.
- 4.2 All books and records related to Licensee's obligations under this Agreement shall be maintained and kept accessible and available to Licensor for inspection for at least [insert number and text] years after termination of this Agreement.

## 5. COMPENSATION

- 5.1 For the license granted hereunder, the Licensee shall pay the Licensor a compensation at the rate of [enter number] % (enter number in words percentage) of Net Sales of the Patent's related income (**Compensation**).
- 5.2 "Net Sales" shall mean Licensee's gross sales (the gross invoice amount billed customers) of Patent related products, less discounts and allowances actually shown on the invoice. No other costs incurred in the manufacturing, offering, selling and advertising of the products or any uncollectible accounts or allowances shall be deducted.
- 5.3 Compensation is calculated and payable no later than 30 (thirty) days after the termination of the preceding full calendar quarter, with late payments incurring interest at the rate of 1% (one percent) per month from the date such payments were due.
- 5.4 At the same time as payment of Compensation falls due, the Licensee shall provide Licensor with a written Compensation statement in a form acceptable to Licensor per each quarter whether or

not any products were sold during that quarter. The receipt or acceptance by Licensor of such statement or payment shall not prevent Licensor from subsequently challenging the validity or accuracy of such statement or payment.

- 5.5 If an inspection should reveal a discrepancy in the Compensation payable to the Licensor under this Agreement, the Licensee shall immediately make up the shortfall, plus interest, and reimburse the Licensor in respect of any professional charges incurred for such inspection.

## **6. CONFIDENTIAL INFORMATION**

- 6.1 For the purposes of this Agreement, “Confidential Information” means any data or information that is proprietary to the Licensor and not generally known to the public, regardless of the medium in which it is recorded or preserved and whether oral, written or otherwise, whenever and however (before or after the conclusion of this Agreement) disclosed to the Licensee or which has become known to the Licensee in any other manner in connection with the Agreement, including, but not limited to:

6.1.1 any information regarding the Licensor’s economic activities, including inter alia its business partners, clients, investors, debtors, portfolio of claims, any marketing strategies, plans, financial information, or projections, operations, business plans and performance results relating to the past, present or future business activities of the Licensor or any other non-public information about the Licensor that is proprietary in nature;

6.1.2 any information regarding technical data, know-how, trademarks, research, product or service ideas or plans, software codes and designs, algorithms, developments, inventions, patent applications, processes, formulas, techniques, engineering designs and drawings.

- 6.2 The Licensee hereby undertakes:

6.2.1 to treat the Confidential Information secret, as well as to use all necessary steps to preserve such confidentiality. The Licensee shall ensure that all necessary and possible security measures and strictest possible diligence shall be applied for the retention and protection of Confidential Information. In order to avoid unauthorised disclosure of Confidential Information, the Licensee shall, at its own expense, apply necessary security, information technology and other measures;

6.2.2 not to make any copies or duplicates of any Confidential Information, without the Licensor’s prior written consent thereto;

6.2.3 not to modify, reverse engineer, decompile, create other works from or disassemble any software programs contained in the Confidential Information without the Licensor’s prior written consent thereto;

6.2.4 to immediately notify the Licensor upon becoming aware that the Confidential Information has been disclosed to a third party in breach of this Agreement;

6.2.5 to keep a record of all Confidential Information and of the location of such information, a copy of which record will be made available to the Licensor at the Licensor’s request; and

6.2.6 not to use the Confidential Information for any purpose whatsoever other than for the purpose of the Agreement. Within its organisation the Licensee shall restrict the distribution of and access to the Confidential Information so that access to materials containing Confidential Information is only available to employees who indispensably require such knowledge for the performance of their duties in connection with this Agreement.

- 6.3 In the event that the Licensee is required by law or any other rules and regulations to make any disclosures otherwise prohibited under this Agreement, the Licensee shall promptly (and, in any event, before complying with any such requirement) notify the Licensor in writing of the same and of the action which is proposed to be taken in response and assist the Discloser in seeking a

protective order or other appropriate remedy, in each case to the extent possible and allowed under the applicable laws.

- 6.4 The Licensee shall immediately, but not later than within 5 (five) working days, return and redeliver to the Licensor all tangible material embodying the Confidential Information and all notes, summaries, memoranda, drawings, manuals, records, excerpts or derivative information deriving there from and all other documents or materials (and all copies of any of the foregoing, including “copies” that have been converted to computerized media in the form of image, data or word processing files either manually or by image capture) based on or including any Confidential Information, in whatever form of storage or retrieval, upon:
- 6.4.1 the termination of this Agreement; or
- 6.4.2 receiving a written request from the Licensor.
- 6.5 In case of the termination of this Agreement or upon receiving a written request from the Licensor, the Licensee shall not retain any copies or extracts related to the Confidential Information and shall destroy all Confidential Information (including, but not limited to written documents and/ or digital files).
- 6.6 The obligation to keep Confidential Information secret shall remain in force indefinitely.

## 7. THIRD PARTIES

- 7.1 The Licensee shall promptly give notice to the Licensor and provide relevant materials if available, when:
- 7.1.1 it becomes aware of any actual, suspected, or threatened infringement of the Patent(s) by a third party in the Territory or elsewhere, or
- 7.1.2 it becomes aware of any action, claim, or demand brought or threatened by a third party against it arising out of its use of the Patent(s) in accordance with this Agreement.
- 7.2 In the abovementioned cases, the Licensor may take any steps it considers appropriate to defend itself, the Licensee and the Patent(s) and enforce its rights in the Patent(s). The Licensee shall, at its own expense, cooperate with the Licensor to the fullest possible extent.
- 7.3 If it is established that the third party's action, claim, or demand resulted from a material breach of the Licensee's obligations under this Agreement, the Licensee shall reimburse the Licensor for all costs and expenses (including legal fees) incurred in defending the Licensor, the Licensee and the Patent(s).
- 7.4 If, in the opinion of the Licensor, the Patent(s) is likely to or does become the subject of a claim e.g. for infringement, the Licensor may, without liability or obligation, terminate the Agreement, effective immediately upon delivery of respective notice to the Licensee.

## 8. TERMINATION

- 8.1 The Agreement may be terminated by a written agreement between the Parties.
- 8.2 Either Party may terminate this agreement for any reason upon [insert number and text] months' notice to the other Party.
- 8.3 Without prejudice to the other provision of this Agreement, the Licensor may terminate this agreement, with immediate effect, by giving notice to the Licensee if the Licensee in the Territory or elsewhere:
- 8.3.1 fails to pay when due any amount owing under this Agreement and that failure continues for [insert number and text] days;
- 8.3.2 challenges, or assists third parties to challenge the Patent(s) or Licensor's rights in the Patent(s) or registrations of the Patent(s);
- 8.3.3 the Licensee admits that it is insolvent or unable to pay its debts, or fails generally to pay its debts as they become due;

- 8.3.4 the Licensee files a voluntary petition, or one or more of its creditors file a petition, seeking its rehabilitation, liquidation, or reorganization;
  - 8.3.5 the Licensee takes any action toward the dissolution or winding up of its affairs or the cessation or suspension of its activities; or
  - 8.3.6 a court of competent jurisdiction enters a decree or order directing the winding up or liquidation of the Licensee or of all or substantially all of its assets.
- 8.4 If one Party commits any material breach of the Agreement, and the breach or default continues for a period of 14 (fourteen) days after the other Party delivers notice to that Party reasonably detailing the breach or default, then the other Party may terminate this Agreement, with immediate effect, by giving notice to the Party in breach.

## **9. EFFECTS OF TERMINATION**

- 9.1 Upon the termination of this agreement, the Licensee shall immediately:
- 9.1.1 cease all use of the Patent(s) and cancel all orders thereof, the Confidential Information, and any other property belonging to, or received from, the Licensor that is in the Licensee's control;
  - 9.1.2 return to the Licensor, or at the Licensor's request destroy, all copies of all information relating to Patent(s), the Confidential Information, and any other property belonging to, or received from, the Licensor that is under the Licensee's direct or indirect control, and
  - 9.1.3 promptly pay to the Licensor all fees that are due.
- 9.2 Upon the termination of this agreement, the Licensee shall not in the Territory or elsewhere:
- 9.2.1 attack or challenge the validity, ownership or enforceability of the Patent(s) or of any registrations for the Patent(s), or the Licensor 's rights relating to the Patent(s) or in any such registrations; or
  - 9.2.2 claim, use, or apply to register, record or file any patent application, trade name, corporate name, domain name, email address, social media user name, metatag, Adwords or similar search term, copyright or design that is clearly derived from or based on the Patent(s) or that includes the Patent(s).

## **10. LIABILITY**

- 10.1 The Licensee acknowledges and agrees that the Licensor would suffer irreparable damage in the event of any breach of the provisions of this Agreement by the Licensee. In the event of breach of this Agreement by the Licensee, the Licensee shall pay the Licensor a contractual penalty in the amount of EUR [insert number] [insert number is words] per each such breach and compensate any loss. Loss includes any damage, cost, expense, deficiency, loss of value or profit, liability, or other damage, including expenses of investigation and legal fees.
- 10.2 The Licensee shall indemnify the Licensor and its directors, officers, employees, shareholders, partners, agents and affiliates against any and all losses, claims, obligations, demands, assessments, penalties, liabilities, costs, damages, arising out of the exercise by the Licensee of

its rights under this Agreement and the Licensee`s use of the Patent(s). Licensee shall give prompt notice to the Licensor of any (potential) claim for indemnification under this Section.

10.3 Licensor`s aggregated liability under this Agreement is capped at EUR [insert number] [insert number is words].

## 11. MISCELLANEOUS

11.1 This Agreement represents the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements relating to the subject matter hereof.

11.2 The Licensee may not, directly or indirectly, in whole or in part, neither by operation of law or otherwise, assign or transfer this Agreement or delegate any of its obligations under this Agreement without the Licensor`s prior written consent.

11.3 The provisions of Sections 6 (Confidential Information), 9 (Effects of Termination) and 10 (Liability) and all other Sections necessary for the interpretation or enforcement thereof will survive the termination or expiration of this Agreement.

11.4 If any part of this Agreement or any transaction contemplated herein (partly or in whole) is held to be invalid or unenforceable, such determination shall not invalidate any other provision of this Agreement or other transactions contemplated herein.

11.5 This Agreement shall be governed by and construed in accordance with the laws of the [Country].

11.6 Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, which the Parties fail to solve through amicable negotiations, shall be finally settled in the [Court name].

11.7 A failure by any Party at any time or times to require performance of any provisions of this Agreement shall in no manner affect its right to enforce the same, and the waiver by any Party of any breach of any provision of this Agreement shall not be construed to be a waiver by such Party of any succeeding breach of such provision or waiver by such Party of any breach of any other provision hereof.

11.8 Any notices or communications required or permitted to be given hereunder must be in written and may be delivered by hand, deposited with an internationally recognized overnight carrier postage prepaid or sent via electronic mail. All such notices or communications shall be deemed to have been given and received

11.8.1 in the case of personal delivery or electronic-mail, on the date of such delivery;

11.8.2 in the case of delivery by an internationally recognized overnight carrier, on the third business day following dispatch.

11.9 The contact details of the Parties are as follows:

The Licensor: postal address: address: [...]; e-mail [...]; telephone [...].

The Licensee: address: [...]; e-mail [...]; telephone [...].

11.10 Party must notify the other Party immediately of any changes in its contact details.

Hereby the Parties warrant that they have read this Agreement carefully and wish to be bound by this Agreement.

### The Licensor:

Name:

Title:

### The Licensee:

Name:

Title:

**APPENDIX A – LICENSED PATENT(S)**

Patent	Status	Owner	Application Number	Registration Number

**Specifications for the Licensee:**