PATENT AND KNOW-HOW LICENSE AGREEMENT

BETWEEN

[full legal name entity 1]

AND

[full legal name entity 2]

DATED

[date, year]
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including, but not limited to, research, developments, product plans, products, services, diagrams, formulae, processes, techniques, technology, firmware, software, know-how, designs, ideas, discoveries, inventions, improvements, copyrights, trademarks, trade secrets, customers, suppliers, markets, marketing, finances, and any and all information exchanged between the Parties pursuant to Articles 9, 10 and hereof.

Confidential Information does not include information which: (a) is in or comes into the public domain without breach of this Agreement by the receiving Party; (b) was in the possession of the receiving Party prior to receipt from the disclosing Party and was not acquired by the receiving Party from the disclosing Party under an obligation of confidentiality or non-use; (c) is acquired by the receiving Party from a third party not under an obligation of confidentiality or non-use to the disclosing Party; or (d) is independently developed by the receiving Party without use of any Confidential Information of the disclosing Party.

c) **Effective Date** means the date first hereinabove written.

d) **Field** means field of use for the Product. For purposes of this Agreement, the Field is [insert description of field of use covered by the license granted hereunder].

e) **Improvements** means all additions, developments, modifications, enhancements and adaptations: (i) which directly relate to or can be used in connection with the Patents or the Know-How, and (ii) which are developed by or on behalf of a Party during the Term.

f) **Know-How** means any proprietary technology, information, formulae, processes, techniques, ideas, discoveries, inventions and trade secrets (other than the Patents and the Improvements) which is directly related to or can be used in connection with the Technology, owned by or licensed to (with the right to sublicense) Licensor during the Term.

g) **Net Sales** means gross sales of the Product by Licensee, less any of the following charges or expenses that are incurred by Licensee in connection with gross sales of the Product: (i) discounts, including cash discounts or other rebates, (ii) credits or allowances given or made for return of previously sold Product, (iii) any tax, government charge or duty (including any tax such as a value added or similar tax) levied on the sale, transportation or delivery of Product when included on the invoice as payable by the purchaser, and (iv) freight, postage, transportation, insurance and duties on shipment of Product when included on the invoice as payable by the purchaser.

h) **Patents** means the patent applications and patents listed in Appendix A hereto and any and all other patent applications and patents, including, but not limited to, any and all substitutions, extensions, additions, reissues, re-examinations, renewals, divisions, continuations and continuations-in-part, owned by or licensed to (with the right to sublicense) Licensor during the Term and relating to [insert description of technical field].

i) **Product** means any product or part of a product in the Field.

j) **Technology** means the Patents and the Know-How, including all Improvements developed by Licensor.
3. In the event that Licensee does not commence marketing the Product in a particular country by the said time, Licensor shall have the right, upon written notice to Licensee, to market the Product in such country, directly or indirectly, by paying to Licensee the same royalty to which Licensor would be entitled under Article 5 hereof if Licensee was marketing the Product in such country.

4. Licensee agrees to provide Product for sale in such country at the same cost incurred by Licensee in procuring or manufacturing Product for its own sales (as evidenced by Licensee).

Article 5 Royalties

1. In consideration of the rights granted to Licensee hereunder, Licensee shall pay to Licensor a royalty over Net Sales in the Territory. The applicable royalty rate will be as stated in Appendix B to this agreement and will be reviewed on a regular basis.

2. Royalties shall be imposed only once with respect to the same unit of Product, and no multiple royalties shall be payable by Licensee because any Product is covered by more than one of the Patents or more than one claim of a Patent. Licensee’s obligation to pay royalties hereunder shall expire upon the expiration of the last to expire of the Patents.

3. Licensee shall report to Licensor the date of the initial transfer of a Product to a third party in exchange for cash or an equivalent to cash within [insert number] calendar days of such occurrence. Thereafter, royalties shall be paid to Licensor by Licensee within 60 calendar days after the end of each quarter ending on 31 March, 30 June, 31 October and 31 December.

4. All sums due to Licensor under this Agreement:
   a. are exclusive of any value added (or like) tax which shall be payable in addition by Licensee;
   b. shall be paid gross without deduction of any taxes and, if subject to any taxes Licensee shall ensure that such sum is paid to Licensor as shall, after deduction of tax, the equivalent to the royalties due; and
   c. without any set-off or deduction whatsoever.

5. Licensee shall at the time of payment deliver to Licensor a royalty report setting forth the quantity of Product used, sold or otherwise disposed of during the applicable quarter, the Net Sales Price of Product and the royalties due. In the event that conversion from foreign currency is required in calculating a royalty payment hereunder, the exchange rate used shall be the ratio in effect at the end of the last Business Day of the quarter for which royalties are calculated, as reported by [insert name of business publication].

6. If Licensee fails to make any payment hereunder within the time specified herein, Licensee shall pay an interest of [insert number]% per year on the unpaid balance payable from the due date until fully paid. All payments hereunder shall be made in
Article 12  Term and Termination

1. This Agreement shall commence on the Effective Date and shall, unless earlier terminated pursuant to this Article 12.2, 12.3 or 12.4, continue until the expiration of the last to expire of the Patents in the Territory.

2. This Agreement may be terminated by Licensee at any time for any reason by giving [insert number] calendar days written notice of such termination to Licensor.

3. In the event that: (i) Licensee has not commenced marketing of the Product in the Territory within [insert number] calendar days of the Effective Date, or (ii) Licensee discontinues all development and commercialization activities relating to Product, this Agreement shall terminate.

4. This Agreement may be terminated by either Party by giving [insert number] calendar days written notice of such termination to the other Party in the event of a material breach by the other Party. “Material breach” shall include (i) any violation of the terms of Article 7, (ii) any other breach that a Party has failed to cure within [insert number] calendar days after receipt of written notice by the other Party, (iii) an act of gross negligence or willful misconduct of a Party, (iv) the insolvency, liquidation or bankruptcy of a Party, (v) a change in controlling ownership of Licensee, or (vi) any activity or assistance by Licensee of challenging the validity of any Technology.

5. Upon the effective date of termination of this Agreement, all legal obligations, rights and duties arising out of this Agreement shall terminate except as otherwise expressly provided in this Agreement and except that if this Agreement is terminated by Licensee under this Article 12.2 or 12.4 Licensee shall have the right to sell that quantity of Product that Licensee then has on hand in the Territory, provided, however, that Licensee shall pay royalties in respect of such Products under Article 5 hereof.

Article 13  General Compliance

Each Party shall at all times:

a. strictly comply with all applicable laws, rules, regulations and governmental orders, now or hereafter in effect, relating to its performance of this Agreement;

b. pay all fees and other charges required by such laws, rules, regulations and orders;

c. maintain in full force and effect all licenses, permits, authorizations, registrations and qualifications from all applicable governmental departments and agencies to the extent necessary to perform its obligations hereunder.

Article 14  Miscellaneous

1. Both Parties will be released from their respective obligations in the event of national emergency, war, prohibitive governmental regulation or any other cause beyond the reasonable control of the parties or either of them renders the performance of the