

Exclusive Patent License Agreement

[LicensorName](LICENSOR) and [LicenseeName](LICENSEE) agree that LICENSOR is the owner of the [PatentDescription] Patent, Patent number: [PatentNumber], issued on [IssueMonth] [IssueDay], [IssueYear].

1. GRANT OF LICENSE. LICENSEE desires to obtain an exclusive license to use the Patent. LICENSOR grants to LICENSEE the exclusive right to manufacture, sell, and otherwise use and practice the above stated invention throughout the world. This license shall apply to any extension or re-issue of the Patent.

2. TERM OF LICENSE. The grant to LICENSEE herein shall begin on [StartMonth] [StartDay], [StartYear] and continue until [EndMonth] [EndDay], [EndYear].

3. PAYMENTS AND REPORTING. LICENSEE shall pay to the LICENSOR a royalty of [RoyaltyPercentage] percent of the net selling price of all products and goods in which the patents are used. In the event that such products are used by the LICENSEE directly, or are disposed of in another manner than sale, the royalty shall be calculated on the customary price for similar goods. In the event that any products made under the license are sold to a corporation that is controlled by or is a subsidiary of LICENSEE, the royalty shall be determined by the re-sale price. Royalties shall be paid on a quarterly basis. Payments are due no later than [DaysToPayRoyalties] days after the end of the quarter.

Interest shall accrue on any unpaid royalties at a rate of [PercentageOfInterest] percent per day. The minimum annual royalty shall be \$[MinimumRoyalty]. In the event that the minimum is not paid in the first three quarterly payments of each year, the outstanding funds shall be paid in the final quarter's payment. Sums shall not carry over from year to year. A report of sales shall accompany each payment. LICENSEE shall permit LICENSOR, and Licensor's agents' reasonable access to any and all of the records of LICENSEE related to the use of the patent and to royalties. Accountings will be considered final if the LICENSEE receives no objection within 1-year following settlement.

4. DISPUTE RESOLUTION. In the event of a dispute, the parties shall first submit to nonbinding mediation before a mediator mutually agreed upon by the parties. If nonbinding mediation is unsuccessful in resolving a dispute, the parties shall submit to binding arbitration in accordance with the rules of the American Arbitration Association.

5. OWNERSHIP OF IMPROVEMENTS. In the event of any improvement of the invention, made by LICENSOR, these improvements shall be disclosed to LICENSEE by LICENSOR, and LICENSEE shall have the right to full use of the improvements. However, with respect to such improvements made by LICENSEE, LICENSOR shall have a non-exclusive right, which is both non-transferable and royalty-free, to make, practice and use such improvements for non-commercial purposes.

6. TRAINING AND ASSISTANCE. LICENSOR shall provide training and assistance to LICENSEE as to the practice and use of the patent.

7. COMMERCIALIZATION. LICENSEE shall make all reasonable efforts necessary to assure the effective research, development and marketing of the invention for commercial purposes. If at any time during the period of this license, LICENSEE suspends or otherwise discontinues research, development and marketing of the invention, LICENSEE must notify LICENSOR of the reason for such suspension or discontinuation.

8. TRANSFERABILITY. This license may not be assigned or transferred by LICENSEE except with the prior written approval of LICENSOR.

9. TERMINATION. Upon occurrence of any of the following, LICENSOR may immediately terminate the license granted to LICENSEE:

- (a) Failure to make royalty payments when due pursuant to the provisions contained in paragraph 3 herein;
- (b) Failure to make reasonable efforts to competently research, develop and market the invention for commercial purposes as outlined in paragraph 7; and
- (c) Upon any breach or default of the mutual covenants contained herein.

10. INFRINGEMENT AND INTERFERENCE. The LICENSEE shall notify LICENSOR immediately as to any infringement of the patent of which LICENSEE may become aware. Pursuant to this exclusive license agreement, LICENSEE has the sole responsibility to defend the patent referred to herein against any infringement or interference. LICENSOR retains the right to participate in any action arising from such infringement or interference, and in the event of such participation shall be entitled to retain representation of its choice. LICENSEE shall be entitled to offset royalty payments described in paragraph 3 for the cost of defending the patent referred to herein against any infringement or interference. However, such offset may not exceed [MaxRoyaltyOffsetPercent] percent.

11. APPLICABLE LAW. This agreement shall be governed by the laws of the United States, any foreign jurisdictions that may retain jurisdiction over the patent referred to herein, and by the laws of [State].

Dated: [Month] [Day], [Year]

[LicensorAgentFirstName] [LicensorAgentMiddleName] [LicensorAgentLastName]
[LicensorAgentTitle] [LicensorName] LICENSOR

[LicenseeAgentFirstName] [LicenseeAgentMiddleName] [LicenseeAgentLastName]
[LicenseeAgentTitle] [LicenseeName] LICENSEE