

(SAMPLE AGREEMENT-EXCLUSIVE)
(Patents Only)
LICENSE AGREEMENT

Effective on the date of execution here below by LICENSEE and the U.S. Army Armaments Command (ARDEC) by the Director of the U.S. Army Armament Research, Development and Engineering Center, Picatinny Arsenal, Dover, New Jersey 07806-5000, as the representative of the United States of America (herein called "LICENSOR" or "ARDEC"), and upon the required further approval of the Department of the Army and Licensor, and _____ (hereafter "LICENSEE"), agree as follows:

ARTICLE I

BACKGROUND

1.00 The United States of America is owner by assignment of the entire right, title and interest, in U.S. Patent, issued on , 19 , entitled , (based upon Application Number, filed on , 19 and of the entire right, title and interest in the products and methods described therein, which relate to the field of _____.

1.01 Under the authority of Public Law 99-502, LICENSOR has custody of the technology afore-described in 1.00, and the right to issue licenses under LICENSED PATENTS thereto, hereafter defined in ARTICLE II.

1.02 LICENSOR desires the products and methods claimed in the LICENSED PATENTS to be brought to THE POINT OF PRACTICAL APPLICATION in the shortest possible time and made available to the public, thereby serving the public interest and broadening the potential supply base for LICENSOR and other U.S. Government agencies.

1.03 LICENSEE desires to obtain a license in accordance with ARTICLE III hereof under the LICENSED PATENTS, for the subject technology.

ARTICLE II

DEFINITIONS

2.00 Terms in this Agreement (other than names of parties and ARTICLE headings) which are set forth in upper case letters have the meanings established for such terms in the succeeding paragraphs of this ARTICLE II.

2.01 LICENSED PATENTS shall mean U.S. Patent Number and further including any patents in the LICENSED AREA that are derived therefrom or derived from the patent applications upon which any LICENSED PATENTS are based, including any divisions, continuations, continuations in part, reissues, renewals or extensions of any of the above.

2.02 LICENSED PRODUCTS shall mean any machines, software, articles of manufacture, products, products made by a process, chemicals, powders, or compositions of matter based on any information or inventions as described and claimed in any of the LICENSED PATENTS.

2.03 LICENSED METHODS shall mean any methods, uses or processes, including software, which employ methods based on any information or inventions as described and claimed in any of the LICENSED PATENTS.

2.04 ROYALTY-BASE ITEMS shall mean any embodiments of LICENSED PRODUCTS or LICENSED METHODS.

2.05 LICENSED AREA means the United States of America, and its territories, possessions and Commonwealths.

2.06 LICENSED FIELD OF USE. There is no restriction placed in this Agreement, on the fields of application for use of this license by LICENSEE.

2.07 LICENSOR'S REPRESENTATIVE shall mean, _____
U.S. Army ARDEC Center, Picatinny Arsenal, NJ 07806-5000,
Telephone: (973)724-_____

2.08 THE POINT OF PRACTICAL APPLICATION means to embody products or to practice methods claimed in the LICENSED PATENTS within the LICENSED AREA under such conditions as to establish that the products and methods are being utilized and that their benefits are to the extent permitted by law or U.S. Government regulations available to the public on reasonable terms within a reasonable time following the effective date of this Agreement, and to continue during the term of this Agreement to make the benefits of the products and methods reasonably accessible to the public.

ARTICLE III

LICENSE GRANT

3.00 The LICENSOR grants to the LICENSEE an Exclusive license in the LICENSED FIELD OF USE, throughout the LICENSED AREA, to use the LICENSED PATENTS to make, have made, use and to sell the LICENSED PRODUCTS and to implement, have implemented and to vend LICENSED METHODS for the term set forth in ARTICLE X of this agreement, and also the right to sublicense in the LICENSED FIELD OF USE within the LICENSED AREA, as provided by ARTICLE VI of this Agreement.

IMPROVEMENTS

3.01 During the life of this Agreement, LICENSEE and its sublicensees shall notify LICENSOR upon discovery of improvements to the technology of the LICENSED PRODUCTS and LICENSED METHODS herein licensed. LICENSEE (and its sublicensees) shall provide the U.S. Government with a nonexclusive, royalty-free license to utilize LICENSEE's (and its sublicensees') said improvements, for U.S. Government use only, and not for commercial purposes. LICENSEE shall provide for these conditions of Section 3.01 to also be binding on its sublicensees in all its sublicensing agreements, and to make the U.S. Government a third party beneficiary of such provisions.

ARTICLE IV

ROYALTIES AND PAYMENTS

4.00 LICENSEE shall pay LICENSOR as royalties: \$ _____ per pound of made or sold by or on behalf of LICENSEE which embody LICENSED PRODUCTS or products which were made or

sold by on behalf of LICENSEE by utilizing LICENSED METHODS. LICENSEE shall pay maintenance fees in accordance with Section 11.00 hereof. Sublicensing royalty rates are provided in Section 6.01 hereof.

4.01 For each calendar year (January 1 to December 31) during the life of this Agreement, LICENSEE shall pay minimum royalties of \$ _____ (allowing credit for amounts paid under 4.00 and 11.0 hereof) for that year.

4.02 Royalties shall be payable in United States Dollars, paid by check to "Defense Accounting Office, DSSN-5000, with annotation "Royalties on U.S. Patent No. _____ and mailed to:

U.S. Army Research Laboratory
Attn: DFAS-IN-EM-AZ-DI
2800 Powder Mill Road
Adelphi, Maryland 20783-1197
Telephone (301) 394-4210

4.03 LICENSEE shall pay royalties accrued for sales made subject to such royalties including sales by its sublicensees, not later than sixty (60)days after each calendar half year ending June 30th and December 31st. LICENSEE shall submit with its payment the written report required in ARTICLE V, paragraph 5.01, of this Agreement. If no royalties are due, the report shall so state. Sales shall be considered to be made, for purposes of ARTICLE IV, when billed out, except that upon any termination of this Agreement, all shipments made on or prior to the day of such termination which have not been billed out prior thereto shall be considered as sold (and therefore subject to royalty). Royalties paid on sales of LICENSED PRODUCTS which are not accepted by the customer shall be credited to LICENSEE.

4.04 LICENSEE shall pay within thirty (30) days from any termination of this agreement, royalties (including minimum royalties) accrued or accruable for payment at the time of any such termination.

4.05 Royalty payments not received by LICENSOR by the due date shall be subject to interest charges computed at five percent (5%) per annum.

4.06 No royalty shall be payable under this Agreement for direct sales of ROYALTY-BASE ITEMS by LICENSEE or its sublicensees (if any) to the United States Government or any of its agencies for Governmental purposes.

ARTICLE V

REPORTS AND RECORDS

5.00 LICENSEE shall provide written annual progress reports within sixty (60) days of the end of each calendar year detailing its efforts, and the efforts of any sublicensee, to bring the products and methods licensed under this Agreement to THE POINT OF PRACTICAL APPLICATION. No further annual progress reports will be required after notification of the first commercial sale of LICENSED PRODUCTS or implementation of LICENSED METHODS unless otherwise requested by LICENSOR.

5.01 Concurrently with each payment of royalties as required in ARTICLE IV of this Agreement, or at the time such payments are due although no royalties have accrued, LICENSEE shall submit a written report setting forth for the preceding six (6) month period the amount of LICENSED PRODUCTS made, used, sold or otherwise disposed of and LICENSED METHODS implemented or vended by LICENSEE and its sublicensees in the LICENSED AREA, the GROSS SALES (expressed in U.S. Dollars) and Production Amounts thereof, and the amount of royalties due thereon. If no royalties are due LICENSOR for any report period, the report shall so state.

5.02 The reports required under this ARTICLE V shall also be made within thirty (30) days of the termination of this Agreement.

5.03 LICENSEE agrees to keep records showing the production, utilization, sales or other disposition of LICENSED PRODUCTS (or LICENSED METHODS implemented), or otherwise vended or disposed of under the license granted in this Agreement in sufficient detail to enable the royalties payable hereunder by LICENSEE 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 the reports provided for in this ARTICLE V, such examination to be made at the expense of the LICENSOR by any auditor appointed by LICENSOR who shall be acceptable to LICENSEE or, at the option and expense of LICENSEE, by a certified public accountant appointed by LICENSOR.

ARTICLE VI

SUBLICENSING RIGHTS

6.00 LICENSEE shall have the right under the LICENSED PATENTS to grant sublicenses to others in the LICENSED FIELD OF USE, within the LICENSED AREA, subject to the provisions of this Agreement and to the submission to, and prior approval by LICENSOR'S REPRESENTATIVE, which approval shall not be unreasonably withheld. Any sublicense shall make reference to this Agreement including those rights retained by LICENSOR. A copy of any sublicense shall be furnished to LICENSOR'S REPRESENTATIVE promptly after its execution.

6.01 Sublicensing: LICENSEE shall pay LICENSOR for each sublicense, the larger of: (i) fifty percent (50%) of all monies LICENSEE charges its sublicensee for the sublicense; or (ii) \$____ per pound of products made or sold by on behalf of sublicensee which embody LICENSED PRODUCTS or products which were made or sold by on behalf of the sublicensee by utilizing LICENSED METHODS; whichever of (i) or (ii) is the greater. There shall be no double royalty on products under this Section for which particular products a royalty is due under ARTICLE IV here above; only the royalties under ARTICLE IV shall be due in such instances. An example of such case is a sale by a sublicensee to LICENSEE.

6.02 Termination or conversion under any of the provisions of ARTICLE X of the license granted to LICENSEE in this Agreement shall terminate all sublicenses which may have been granted by LICENSEE, provided that any sublicensee may elect to continue its sublicense by advising LICENSOR in writing, within sixty (60) days of the sublicensee's receipt of written notice of such termination or conversion, of its election, and of its agreement to assume in respect to LICENSOR all the obligations (including obligations for payment) contained in its sublicensing agreement with LICENSEE. Any sublicense granted by LICENSEE shall contain provisions corresponding to those of this paragraph respecting termination or conversion and the conditions of continuance of sublicenses. In the event of conversion to a nonexclusive license, LICENSEE shall continue to pay royalties for all uses including by sublicensees, at the same rates as provided in this Agreement.

6.03 LICENSOR has the right to require LICENSEE to grant sublicenses to responsible applicants on reasonable terms to the extent that the LICENSED PATENTS are required for public use by government regulations or when necessary to fulfill public health, welfare, or safety needs. Any decision by LICENSOR to require such a sublicense may be appealed by LICENSEE under the procedures set forth in ARTICLE XI.

ARTICLE VII

LICENSEE PERFORMANCE

7.00 LICENSEE shall expend reasonable efforts and resources to carry out the development and marketing of the licensed inventions and to bring the products and methods claimed in the LICENSED PATENTS to THE POINT OF PRACTICAL APPLICATION.

7.01 After bringing products and methods claimed in the LICENSED PATENTS to THE POINT OF PRACTICAL APPLICATION within the LICENSED AREA, LICENSEE agrees to make LICENSED PRODUCTS and LICENSED METHODS available to the public on reasonable terms during the term of this Agreement. LICENSEE shall promptly report is continuance of its making the benefits of the products and methods reasonably accessible to the public.

7.02 Failure to comply with the terms of this ARTICLE shall be cause for modification or termination of this Agreement in accordance with the provisions of ARTICLE X below.

ARTICLE VIII

PATENT ENFORCEMENT

8.00 While and as long as its license for a particular LICENSED PATENT or LICENSED PATENTS under this Agreement remains exclusive, LICENSEE is authorized pursuant to the provisions of Chapter 29 of TITLE 35, United States Code, or other statutes:

a. To bring suit in its own name or, if required by law, jointly with LICENSOR, at LICENSEE's own expense and on its own behalf, for infringement of such LICENSED PATENT or LICENSED PATENTS in the LICENSED FIELD OF USE within the LICENSED AREA;

b. In any such suit, to enjoin infringement and to collect for its use, damages, profits, and awards of whatever nature recoverable for such infringement; and
c. To settle any claim or suit for infringement of the LICENSED PATENTS by granting the infringing party a sublicense under the provisions of ARTICLE VI of this Agreement. Any payment of damages or royalties received by LICENSEE pursuant to such a sublicense shall be shared with LICENSOR in accordance with ARTICLE VI. If LICENSEE fails to pursue an infringer, which has become known to LICENSEE OR LICENSEE's sublicensees, then the U.S. Government may pursue such infringer at U.S. expense, and retain all monies so recovered.

8.01 LICENSOR and LICENSEE mutually agree to furnish technical and other necessary assistance of which they are capable, to one another in conducting any litigation necessary to enforce any of the LICENSED PATENTS against others. Reasonable expenses for such assistance will be paid by the party requesting such assistance.

ARTICLE IX

RESERVATION OF RIGHTS

9.00 The license granted in ARTICLE III and ARTICLE VI of the Agreement shall be subject to the irrevocable, royalty-free right of the Government of the United States to make, have made, to practice and have practiced the products and methods claimed in the LICENSED PATENTS on behalf of the United States Government.

ARTICLE X

TERM AND TERMINATION

10.00 The term of this Agreement begins with its Effective Date as set forth in the heading paragraph located above in ARTICLE I and, unless sooner terminated or otherwise modified as provided for in this ARTICLE X, shall run as to each of the LICENSED PATENTS, respectively, for the full life of each such patent. The life of the LICENSED PATENTS shall also include any term of extension as provided for by Title 35, Chapter 14, United States Code.

10.01 The LICENSOR may modify or terminate this license, in whole or in part, if:

a. LICENSEE or any of its sublicensees fails to meet the obligations set forth in ARTICLE VII above;

b. The LICENSOR determines that such action is necessary to meet requirements for public use specified by Federal regulations issued after the date of this Agreement and such requirements are not reasonably satisfied by the LICENSEE;

c. The 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. The LICENSEE commits a substantial breach of a covenant or agreement contained in this Agreement;

e. The LICENSEE defaults in making any payment or report required by this Agreement;

f. The LICENSEE is adjudged bankrupt or has its assets placed in the hands of a receiver or makes any assignment or other accommodation for the benefit of creditors;

g. The LICENSEE misuses the LICENSED PATENTS. Any sublicense shall be terminated immediately if the sublicensee misuses any of the LICENSED PATENTS.

10.02 Prior to any modification or termination of this Agreement, LICENSOR shall furnish LICENSEE and any sublicensees 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 of 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.

10.03 The word "termination" and cognate words, such as "term" and "terminate," used in this ARTICLE X and elsewhere in this

Agreement are to be read, except where the contrary is specifically indicated, as omitting from their effect the following rights and obligations, all of which survive any termination to the degree necessary to permit their complete fulfillment or discharge:

a. LICENSEE's obligation to supply a terminal report as specified in ARTICLE V of this Agreement.

b. LICENSOR's right to receive or recover and LICENSEE's obligation to pay royalties (including minimum royalties) accrued or accruable for payment at the time of any termination as specified in ARTICLE IV of this Agreement.

c. LICENSEE's obligation to maintain records and LICENSOR's right to conduct a final audit as provided in ARTICLE V of this Agreement.

d. Licenses, releases, and agreements of nonassertion running in favor of customers or transferees of LICENSEE in respect to ROYALTY-BASE ITEMS sold or transferred by LICENSEE prior to any termination and on which royalties shall have been paid as provided in ARTICLE IV of this Agreement.

e. Any cause of action or claim of LICENSOR accrued or to accrue, because of any breach or default by LICENSEE.

10.04 In the event of termination of this Agreement or conversion of the license granted hereunder, any sublicense of record granted pursuant to this Agreement may, at such sublicensee's option, be converted to a license directly between sublicensee and LICENSOR in accordance with the provisions of ARTICLE VI herein.

ARTICLE XI

GENERAL

11.00 While and so long as the grant for any LICENSED PATENT remains Exclusive, LICENSEE shall pay maintenance fees for such exclusive LICENSED PATENT or PATENTS that are required by the United States Patent and Trademark Office and inform LICENSOR of any such payments that LICENSEE has made.

11.01 This Agreement shall extend to any reissued patent which may be derived from the LICENSED PATENTS, provided that LICENSOR has custody of the rights thereto and is able to grant a license without incurring liability to third parties;

this Agreement shall not apply to the rights to any other invention, patent, or patent application.

11.02 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 ROYALTY-BASE ITEMS without the approval of LICENSOR's REPRESENTATIVE.

11.03 This Agreement does not confer any immunity from or defenses under the antitrust laws, the laws and regulations pertaining to or administered by the Food and Drug Administration, the Environmental Protection Agency, or the export laws nor does it confer immunity from a charge of patent misuse. Furthermore, LICENSEE's or its sublicensee's acquisition and exercise of rights hereunder are not immunized from the operation of any state or Federal law by reason of the source of the grant. This Agreement does not constitute an endorsement by LICENSOR of any LICENSED PRODUCTS OR LICENSED METHODS and LICENSEE or its sublicensee shall not state or imply in any medium that such endorsement exists as a result of this Agreement.

11.04 LICENSOR makes no warranty, express or implied, regarding the patentability or validity of the LICENSED PATENTS and no representations whatsoever with regard to the scope of the LICENSED PATENTS or that the LICENSED PATENTS may be exploited without infringing any patents or other intellectual property rights. LICENSOR also makes no representation as to the safety or suitability of products, compositions or processes made or practiced using the information herein provided to LICENSEE, or in regards to the risks of explosion, fire or toxicity, e.g. All uses are entirely at the risk of the user. The U.S. Government shall not be responsible for any injuries to persons, property, or death of any persons occasioned by use of the information herein provided to LICENSEE under this Agreement. LICENSEE shall nonetheless undertake to indemnify and hold the U.S. Government harmless for any such losses regarding injuries to persons or property, including for death, resulting from use of the information herein provided to LICENSEE.

11.05 LICENSOR assumes no liability resulting from LICENSEE's exercise of its rights under this Agreement or from LICENSOR's exercise of its rights under this Agreement, including modification or termination thereof.

11.06 Nothing in this Agreement shall obligate the U.S. Government to pay any U.S. Patent and Trademark Office fees on particular LICENSED PATENTS other than at the U.S. Government's discretion.

11.07 The decision of LICENSOR's REPRESENTATIVE on any requirement, dispute, interpretation, modification, or termination of this Agreement shall be reduced to writing and a copy mailed or otherwise furnished to LICENSEE. Such decision shall be final, provided that LICENSEE may within thirty (30) days of receiving notice of such decision, submit a written appeal to the Assistant Secretary of the Army for Acquisition, Research and Development through LICENSOR's REPRESENTATIVE which appeal shall set forth in detail the decision being appealed and the basis of the appeal and may include appropriate supporting materials. Implementation of such decision shall be stayed pending a final resolution of such appeal. Pending such final resolution, LICENSEE shall proceed diligently with the performance of its obligations under this Agreement.

11.08 The parties shall notify each other of any changes in name, address, or business status, and any notice, payment or report required to be given under the provisions of this Agreement shall be considered duly given if mailed by first class mail, postage prepaid and addressed as follows:

a. If to LICENSOR: to LICENSOR's REPRESENTATIVE (see Section 2.07)

b. If to LICENSEE:

11.09 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, United States of America.

11.10 This Agreement constitutes the entire understanding between the parties and neither party shall be obligated by any condition or representation other than those expressly stated herein or as may be subsequently agreed to by the parties hereto in writing.

IN WITNESS THEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized officers or representatives.

FOR LICENSOR:

Director
U.S. Army Armament Research, Development and Engineering
Center

DATE

FOR LICENSEE:

(Signature) DATE

(Typed Name and Title)
Seal of LICENSEE