

LICENSE AGREEMENT

between natural persons and/or legal entities as for intellectual property rights transfer
(non-exclusive/exclusive/full right to use the invention)

Draft

Name (including the family name and the middle name) of a natural person or the full legal entity name, hereinafter referred to as the Licensor, and

Name (including the family name and the middle name) of a natural person or a full legal entity name, hereinafter referred to as the Licensee, jointly referred to as the Parties, considering that:

1. The Licensor is a patent owner (patent(s) № _____), on

_____;

2. The Licensee intends to purchase a license to use invention(s) with received patent(s) № _____, according to the terms and conditions of this Agreement, in order to produce, apply, import, offer for sale and use any other way of distributing product(s), manufactured on the basis of the said industrial invention(s), as well as to exercise the patented way to use (any types of use may be set forth in the Agreement), agreed as follows:

1. Definitions

The following terms used in the Agreement shall have the designated definitions:

1.1. "Patents" - patents granted to the Licensor, and patents that will be granted on the patent applications of the Licensor to the federal executive authority for intellectual property (hereinafter referred to as Rospatent) (see Appendix №1).

1.2. "Licensed production" - production which is to be manufactured on the basis of a license.

1.3 "Special production" - production which is not covered by the definition given in Clause 1.2 of this Agreement, additionally manufactured by the Licensor with the use of patented inventions.

1.4. "Special equipment" - equipment necessary to manufacture "licensed production" (Appendix №2).

1.5. "Confidentiality" - taking measures to prevent the accidental or premeditated disclosure of information related to "patents", to the third parties.

1.6. "Reporting period" - recurrent period of _____ months of the Licensee's activity for the performance of this Agreement, beginning on a date when this Agreement comes into effect.

1.7. "Territory" - regions according to the political and administrative division of a country, or a branch of industry, etc.

1.8. "Net payments" - payments with all possible taxes and duties paid by the Licensee.

2. Subject

General data about the licensed technical equipment (technology):

Purpose, field of application, brief description of the licensed item

Note: General information can be supplemented with any other necessary information.

3. Subject

Edition 1

(for the non-exclusive license)

3.1 The Licensor shall grant the non-exclusive license to use patented inventions to the Licensee, for this Agreement validity term, and for remuneration paid by the Licensee.

The Licensee shall obtain the right to produce, apply, import, offer for sale and use other ways to commercialize licensed production and/or special production (including, if necessary, the right to use special equipment, complete units, components and raw materials, applied by Licensor on a the territory).

The Licensor shall retain the right to use inventions hereinabove and grant non-exclusive licenses to the third parties within the territory.

3.2. The Licensor shall submit necessary and sufficient technical and other documentation to the Licensee for the use of inventions according to Clause 3.1, provide technical and other assistance, and, if necessary, deliver designs, materials, and special equipment.

Edition 2

(for the exclusive license)

3.1 The Licensor shall grant the exclusive license to use patented inventions to the Licensee, for this Agreement validity term, and for remuneration paid by the Licensee.

The Licensee shall obtain the exclusive right to produce, apply, import, offer for sale and use other ways to commercialize licensed production and/or special production (including, if necessary, the right to use special equipment, complete units, components and raw materials, applied by the Licensor).

The Licensor retains the right to use the inventions hereinabove insofar as they are not transferred to the Licensee pursuant to this Agreement.

3.2. The Licensor shall submit necessary and sufficient technical and other documentation to the Licensee for the use of inventions according to Clause 2.1, provide technical and other assistance, and, if necessary, deliver designs, materials, and special equipment.

Edition 3

(for the full license)

3.1 The Licensor shall grant full license to the Licensee to use patented inventions, for this Agreement validity term and and for remuneration paid by the Licensee.

The Licensee shall obtain the exclusive right to produce, apply, import, offer for sale and use other ways to commercialize licensed production and/or special production (including, if necessary, the right to use special equipment, complete units, components and raw materials, applied by the Licensor).

3.2. The Licensor shall submit necessary and sufficient technical and other documentation to the Licensee for the use of inventions according to Clause 2.1, provide technical and other assistance, and, if necessary, deliver designs, materials, and special equipment.

3.3 The Licensor shall not retain the right to commercialize the licensed production.

4. Technical documents

4.1 All documents necessary and sufficient for the manufacturing of production according to the license (Appendix №3), shall be delivered by the Licensor to the authorized representative of the Licensee to _____ (the address)

_____ in _____ language in _____ copies in _____ (days, months etc.) from the date when this Agreement came into effect.

4.2. When technical documents are delivered, the Acceptance certificate of delivery shall be signed by the authorized representatives of both Parties. If the Licensee or the Licensee's authorized representative fails to collect technical documents in a designated delivery term from the Licensor, the Licensor may send the documents hereinabove by registered mail to the Licensee's address at the Licensee's expense. The delivery date shall be the date of signing the Acceptance certificate or the date when a postage stamp was put on the delivery note.

4.3 If the Licensee ascertains at the time of delivery or within 3 (three) months afterwards that the documents received from the Licensor are insufficient or inaccurate, the Licensor shall deliver the missing documents or correct inaccuracies and deliver the corrected documents to the Licensee within 3 (three) months after receiving written reclamation.

Thus the documents delivery date shall be deemed the missing or corrected documentation delivery date pursuant to the provisions of Paragraph 2, Clause 4.2.

4.4. The Licensee may make copies of the documents for private use if the Licensee guarantees the confidentiality.

5. Improvements and betterments

5.1. The Parties shall notify each other without any delay about all improvements and betterments concerning patents, licensed production and special production, if the Parties accomplished those improvements and betterments within the Agreement validity term.

5.2. The Parties shall offer all improvements and betterments primarily to each other. The conditions of those improvements and betterments transfer will be additionally agreed upon by the Parties.

Improvements and betterments made by one of the Parties and protected by the patents or described in patents applications filed to Rospatent, shall be deemed to be in the ownership of that Party.

In case one of the Parties repudiates or fails to receive the offer concerning the use of improvements and betterments within _____ months, the Parties have the right to offer improvements and betterments to the third parties.

6. Obligations and liabilities

6.1 The Licensor claims that by the time of signing this Agreement there is no information at the Licensor's disposal about the rights of the third parties that can be infringed by the license sale.

6.2 The Licensor claims that the licensed production is technically possible to manufacture on the premises of the Licensee and the characteristics indicated in this Agreement can be reached in case of the Licensee's complete abidance by the technical conditions and instructions of the Licensor.

Mechanical, technological, technical and economic, and any other characteristics of the licensed production are set forth in Appendix 4.

6.3 The Licensor claims that technical documents and other items subject to delivery to the Licensee will be fair in package contents and quality of production in compliance with the effective State Standard (GOSTs) and other rules (the Parties are free to establish various requirements for documents and other information).

6.4. The Licensee undertakes to manufacture licensed production in full conformity with the received technical documents and instructions of the Licensor to the extent that it concerns the invention.

6.5. The Party that fails to fulfill the conditions hereinabove shall compensate for loss caused by that neglect within the amount of _____ .

6.6. In case of untimely delivery of technical documents and other necessary information pursuant to Clause 4 of this Agreement, the Party shall pay a fine. The Licensor shall pay a fine to the Licensee, in the amount of _____ but not exceeding _____.

6.7. The total of compensation and fine amounts relating to any breaches of this Agreement and claimed by the Party, shall not exceed the received or paid amounts pursuant to Clause 8 of the Agreement, unless the Parties agreed so.

7. Technical assistance in mastering licensed production manufacturing.

7.1. In case the Licensee needs technical assistance in mastering licensed production manufacturing or training the Licensee's staff to use appropriate working methods and practices related to manufacturing and use of licensed production, the Licensor shall send, if requested by the Licensee, necessary number of specialists to the premises of the Licensee. The Licensee shall send a request to the Licensor _____ months before the planned date of specialists' visit.

7.2. The Licensee shall provide the specialists of the Licensor with accommodation, transportation back and forth to the premises, communication devices for the time of their visit, and other service types agreed upon by the Parties.

7.3. The Licensee shall bear the Licensor's specialists' business trip expenses, including roundtrip train or air tickets cost from _____ to destination, _____ kg _____ transportation per person beyond the weight covered by the fare, and remuneration expenses depending on specialists' qualification according to the following rates: _____.

7.4. The Licensor shall meet the Licensee's request to grant access to the premises where licensed production is to be manufactured to inspect the manufacturing and equipment on site. The Licensee shall bear all the expenses related to the inspection.

7.5 By the Licensee's request and at the Licensee's expenses, the Licensor shall deliver licensed production samples, material samples and special equipment necessary to manufacture licensed production.

8. Payments

8.1 The Licensee shall pay remuneration to the Licensor for the transfer of rights as set forth in this Agreement and for technical documents and other information in accordance with the following:

Edition 1

(stipulates single or stage-progress payments of the pre-agreed amount)

a) the amount of _____ (in figures and in words) rubles is paid on presentation of the invoice in 3 copies

_____ (Licensor's Bank)

within _____ days starting from _____;

b) the amount of _____ (in figures and in words) rubles is paid upon presentation of the invoice in 3 copies

_____ (Licensor's Bank)

within _____ days starting from the date when this Agreement comes into effect;

c) the amount of _____ (in figures and in words) rubles is paid upon presentation of the invoice in 3 copies

_____ (Licensor's Bank)

and the Acceptance certificate or the delivery document copy, mentioned in Clause 3.2 of this Agreement within _____ days starting from the technical documents formal acceptance date;

d) the amount of _____ (in figures and in words) rubles is paid within _____ days from the date of production commencement/batch production.

Edition 2

(stipulates single or stage-progress payments and further current payments within the validity term of this Agreement)

a) the initial payment of _____ (in figures and in words) rubles shall be paid within _____ days starting from the date when this Agreement comes into effect _____ (Licensor's Bank)

- current payments (royalty) shall be paid to the Licensor in the amount of _____ % of licensed production sale price and _____ % of special production sale price, manufactured and sold by the Licensee;

or:

- current payments (royalty) shall be paid to the Licensor in the amount of _____ (in figures and in words) rubles per unit (pieces, kilogram, etc.) of licensed production and _____ (in figures and in words) rubles per unit of special production, manufactured and sold by the Licensee;

b) the initial payment of _____ (in figures and in words) rubles, including:

the amount of _____ (in figures and in words) rubles is paid upon presentation of the invoice in 3 copies

_____ (Licensor's Bank)

within _____ days from the date when this Agreement comes into effect (encashment with immediate payment, with subsequent acceptance, etc.) ;

c) the amount of _____ (in figures and in words) rubles is paid within _____ days from the date of technical documents formal acceptance, mentioned in Clause 4 of this Agreement. Payment is made the same way, as it is stipulated in Point “a” of Edition 2. The Acceptance certificate or delivery note copies shall be attached.

8.2. The current payments (royalty) shall be made by the Licensee within _____ days following the reporting period.

8.3. All payments made in compliance with this Agreement shall be deemed as payments in favour of the Licensor.

8.4. After the date of expiration of this Agreement, the terms and conditions of this Agreement shall be effective until all payments and obligations within this Agreement are settled.

9. Information and reporting

9.1. The Licensee shall submit the summary accounting data for the reporting period, on the scope of manufacturing and selling licensed and special production, and information on the licensed and special production selling prices, within _____ days following the reporting period.

9.2. The Licensor reserves the right to examine the summary accounting data related to the scope of licensed and special production manufacturing and selling on the Licensee’s premises, according to the summary accounting data pursuant to Clause 1.6 of this Agreement. The Licensee shall allow such examination.

10. Confidentiality

10.1 The Parties shall undertake to preserve confidentiality of technical documents and information, relating to licensed and special production received from the Licensor.

10.2. Delivered documents and information shall be available only to personnel directly engaged into licensed production manufacturing on the Licensee’s premises and the premises of the Licensee’s cooperation partners.

10.3. In case of the said information disclosure by the Licensee or the Licensee’s cooperation partners, the Licensee shall compensate damages related to this disclosure to the Licensor. The Licensor shall incur the same liability in case of disclosure.

11. Protection of rights

11.1. Within the whole Agreement validity term the Licensee acknowledges and shall acknowledge the validity of rights following from the Licensor's patents.

11.2. The Licensor shall preserve the patents legal force within this Agreement validity term. If the Licensor intends to stop preserving the patents legal force, the Licensor shall notify the Licensee in advance and the Parties shall regulate their relations arising from this Agreement as provided below:

11.3. In case the Licensee becomes aware about the misuse of industrial designs, protected by the Licensor's patents on the territory, the Licensee shall notify the Licensor immediately.

In case any claims or actions are instituted against the Licensee on the infringement of the third parties' rights concerning the license indicated in this Agreement, the Licensee shall notify the Licensor about such claims or actions.

In both cases the Licensee shall undertake to settle such claims or take other measures to prevent the Licensor's damages and losses.

11.4. In case the Licensee deems it reasonable to patent the Licensor's inventions abroad and the inventions are not patented yet, the Licensee shall inform the Licensor about it. The Licensor shall take the decision on this issue considering the Licensee's reasonable interests.

11.5. In case the Licensee arrives to a decision that selling licenses abroad is possible and reasonable, the Licensee shall inform the Licensor about such decision, and the Parties jointly undertake appropriate measures and agree upon distributing currency earnings.

11.6. In case the Licensee arrives to a decision that licensed production and/or special production exporting is reasonable, the Licensee informs the Licensor about such decision. Thus, procedure and currency of payments in favour of the Licensor shall be additionally agreed upon by the Parties.

12. Advertisement

The Licensee preserves the right/undertakes to indicate in respective advertisement materials and on licensed or special production, manufactured on his premises, that this production is license-manufactured.

The Parties shall set forth trademarks use in a separate agreement.

13. Dispute resolution

13.1. In case of any dispute or controversy between the Licensor and the Licensee arising from this Agreement, the Parties shall take all measures to resolve it by negotiations.

13.2. If dispute or controversy hereinabove is impossible to resolve by negotiations, such dispute or controversy shall be settled in _____ (if one of the Parties is a natural person the matter shall be solved judicially, if both Parties are legal entities the matter shall be considered by arbitration).

14. Validity term

14.1. This Agreement is concluded for _____ years and comes into effect on the date of its registration in Rospatent.

14.2. Each Party preserves the right to terminate the Agreement before its expiration date by sending a notice in writing to the other Party, if the other Party fails to fulfill any condition pursuant to Clause _____ of this Agreement. However, the breaching Party shall be given _____ months to take corrective actions.

14.3. If this Agreement is terminated before its expiration date due to the Licensee's failure to fulfill obligations, the Licensee shall lose the right to use the invention pursuant to Clause 3.1 in any way and shall return all technical documents to the Licensor.

14.4. In case the patents are found invalid fully or in part or the patents legal force is terminated before this Agreement expires or due to the Licensor's failure to fulfill its obligations stipulated in Clause _____ of this Agreement, the Parties shall settle their relations arising from this Agreement as provided below: _____ (considering Clause 6 and Clauses 11.1 and 11.2 of this Agreement).

14.5. When this Agreement expires, the Licensee preserves the right to use inventions of the Licensor according to Clause 3.1 to the extent stipulated by this Agreement, free of charge. Confidentiality clause shall not expire _____.

15. Miscellaneous

15.1. Rights and obligations of one of the Parties according to this Agreement shall be assigned to other natural person or legal entity only by permission in writing issued by the other Party, except as otherwise provided herein.

15.2. Amendments and additions to this Agreement shall be made in writing and signed by the authorized representatives of the Parties, and approved by the competent bodies, if such approval is needed.

15.3. Civil law and civil procedure of the Russian Federation shall be applicable to any issues not settled by this Agreement.

15.4 Appendices 1-4 mentioned in this Agreement on _____ pages are an integral part of this Agreement.

15.5. This Agreement is made in the city (town/village) of _____ on " __ " _____ 20__ in duplicate.

Legal addresses of the parties

Licensor: _____,

Licensee: _____

Appendices:

1. Appendix № 1: The list of patents and applications;
2. Appendix № 2: The list of special equipment;
3. Appendix № 3: Technical documents;
4. Appendix № 4: Technological, technical and economic, and other licensed production characteristics.

On behalf of the Licensor

On behalf of the Licensee