

# KTI Practical Guide

## Licence Agreements



## Foreword

The KTI Practical Guides have been produced as a resource for those approaching transactions between Irish research performing organisations (RPOs)<sup>1</sup> and commercial companies. Each Practical Guide explains common terms in the agreements and describes the considerations that might apply.

The KTI Model Agreements contained in each Practical Guide take account of the legal constraints upon RPOs when entering into contracts, as well as the unique nature of RPOs, whose primary purpose is not-for-profit rather than commercial. At the same time, the terms of the agreements seek to address the typical commercial priorities of companies, e.g. to have access to intellectual property rights. The Guides are based on European best practice.

The Practical Guides are offered as a starting point for drafting and discussion, as required. Neither companies nor RPOs are mandated to use the Model Agreements.

The KTI Practical Guides and Model Agreements are available on the KTI website to download and use directly. [www.knowledgetransferireland.com](http://www.knowledgetransferireland.com)

## Disclaimer

*Parties should take their own legal advice on the suitability of any model agreement for their individual circumstances and on associated legal and commercial issues. None of Knowledge Transfer Ireland, Enterprise Ireland nor any of the individuals or organisations who have produced or commented on these documents assumes any legal responsibility or liability to any user of any of these model agreements or commentaries.*

The KTI Practical Guides and Model Agreements were prepared by Anderson Law LLP (Oxford, UK; [www.andlaw.eu](http://www.andlaw.eu)) with advice on certain Irish law issues from LK Shields Solicitors (Dublin, Ireland; [www.lkshields.ie](http://www.lkshields.ie)).

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<sup>1</sup> RPOs are considered to be Higher Education Institutes (Universities and Institutes of Technology) or State research organisations

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## Introduction to Licence Agreements

### What is an intellectual property licence agreement?

At its simplest, an intellectual property licence agreement is a contract under which an owner of intellectual property (the licensor) permits another person (the licensee) to engage in activities that, in the absence of the licence agreement, would infringe the licensor's legal rights attaching to the intellectual property.

There is no 'official' definition of intellectual property (IP), and for this reason it is often defined specifically in licence agreements. There are many different types of IP. Depending on the subject matter of the licence agreement, IP may be defined as including patents, copyright, database rights, design rights, registered designs, trade marks, domain names and similar property rights. Generally, the law provides that certain acts infringe specific IP, for example, a patent is infringed if products covered by the patent are made or sold without the consent of the patent holder.

Under a typical licence agreement where an Irish higher education institute or State research organisation (together, "research performing organisation" or "RPO") is the licensor, the RPO grants a commercial licensee a licence of the IP to make and sell Licensed Products, usually in a specific Field and Territory. In this example, the terms 'IP', 'Licensed Products', 'Field' and 'Territory' would be defined in the licence agreement. The RPO may grant either an exclusive licence or a non-exclusive licence of the IP. In an exclusive licence, only the licensee is licensed to use the IP to e.g. make and sell Licensed Products in the Field and in the Territory. In contrast, a non-exclusive licence of the IP to make and sell Licensed Products in the Field and in the Territory can be granted to an unlimited number of licensees. The decision to grant an exclusive or non-exclusive licence will be based on a number of factors, including the value of the IP and the amount of investment required by the licensee to make and sell Licensed Products.

In return for the grant of the licence, the licensee would typically make payments to the RPO in respect of its use of the IP, which may include for example lump sums (e.g. in the form of annual or milestone payments) and royalty payments. Royalty payments are usually, but not always, calculated as a percentage of the licensee's income from the sale of Licensed Products.

Although many intellectual property licence agreements have complex provisions, these two elements – the grant of a licence under the IP and payments based on use of the IP – are the core components.

### Why does the RPO need a licence agreement?

By entering into a technology licence agreement, the RPO may be seeking to achieve a number of objectives (not all of which will be relevant in all cases). These objectives may include:

- to encourage the use of that technology for the benefit of society. The theory being that, sometimes, securing IP rights for the development and finding licensee(s) to exploit it, is more likely to lead to the development being available to consumers than simply publishing the development and making it freely available;
- to control the way in which a licensee uses the technology, i.e. by including suitable contract terms in the licence agreement; and
- to generate income from an invention or other technology.

### Why is licensing the best route to achieve these objectives?

The RPO will wish to consider, on a case-by-case basis, whether protecting (e.g. by patenting or other route) and then licensing an invention or other technical development is the best route to achieve the objectives mentioned above. In many cases, particularly if income generation is a significant objective,

the main alternatives will be licensing the IP to a commercial licensee or a spin-out company. The remainder of this Practical Guide assumes that a decision has been taken by an RPO to license certain IP to a commercial licensee, though the principles covered will be relevant to any route adopted for commercialising the IP.

### Can the RPO comply with its obligations under a licence agreement?

There are two issues:

- Is the RPO able to grant a licence under its IP; and
- Can the RPO comply with other obligations that may form part of the licence agreement, e.g. warranties, confidentiality obligations, etc..

Where the RPO owns a package of IP outright, and has not previously granted any conflicting rights (for instance an exclusive licence) or entered into any conflicting commitments, it should be able to grant a licence under that IP without difficulty. In this situation, the IP is 'clean' or, to use a legal expression, 'unencumbered'. In practice, however, the RPO's IP may be encumbered. For example:

- *Grant conditions.* The IP may have been generated from research that was funded by a charitable or governmental organisation, e.g. the Wellcome Trust, or the European Commission. The conditions of the grant may include provisions concerning ownership of any IP that results from the research, who is licensed under it (e.g. other members of a consortium), or requiring the funder's consent before any licence is granted under such IP.
- *Commercial terms.* The IP may have been generated under a research agreement with a commercial sponsor. The terms of that agreement may vest ownership of any resulting IP in, or grant a licence or option of such IP to, the sponsor.
- *Third party rights.* Part of the IP may have been acquired from a third party. For example, if the IP relates to software, the software may incorporate routines obtained from a third party, e.g. freeware.
- *Joint developments.* The IP may have been generated in collaboration between two RPOs, and the other RPO may own an interest in that IP. In such situations the other RPO may need to give consent to, or become a party to, the licence agreement.
- *Visiting staff and students.* The IP may have been generated by an academic who was not an employee of the RPO (e.g. a student or visiting fellow) or by an employee in circumstances where it is not clear whether the RPO owns inventions made by him or her. In practice, the RPO may be able to deal with this issue by entering into individual assignments and/or revenue sharing agreements with each inventor before granting any licence under the IP.
- *Dominating IP.* To make use of the IP it may be necessary to make use of some third party IP, e.g. a dominating third party patent. Although this would not, strictly speaking, prevent the IP owner from licensing the IP, it may amount to a breach of an express (explicit) or implicit warranty or other clause of the licence.

Even if the RPO is entitled to license the IP, it may still find itself unable to comply with some of the terms of the licence agreement. It is worth mentioning a couple of areas of potential difficulty:

- *Limited control.* The licence agreement may assume that the RPO is able to control the activities of its employees in a similar way to a commercial company. In reality, academics tend to be fairly independent individuals, whose relationship with the central parts of the RPO, including the technology transfer group, may be 'semi-detached' at best. This should be borne in mind when the licensee asks the RPO to give warranties or comply with obligations (e.g. in relation to confidentiality and publications) that, in practice, depend on the cooperation of an

academic. Depending on the obligation, it may be that the most the RPO can sensibly promise to do is to take reasonable efforts to comply, or instruct the academic to comply, with the obligation.

- *Limited appetite for risk.* The licence agreement may ask the RPO to bear risks that may be thought inappropriate for a charitable or educational body that spends public money. For example, the RPO may be asked to give warranties or indemnities in relation to the condition of the licensed IP that it would be well advised to reject.

### Who should draft the licence agreement?

Practice varies. The RPO should, wherever possible, use its own form of licence agreements which reflect its policies on issues such as liability, licensee diligence, etc., but some large licensees push quite hard to use their standard forms of agreement. In some industries, the licensee may have developed a very specific model for licensing that reflects its view on which products, services, etc. are likely to be offered using the IP, and the appropriate payment structure. Sometimes these models are rather complicated. If the RPO negotiates using a licensee's preferred form of licence agreement, this may involve additional legal work and expense for the RPO. For speed it is recommended that the appropriate Model Licence Agreement is used as a starting point for all licence negotiations.

### Format of the licence agreements

For a typical form of exclusive licence agreement, refer to the **Model Exclusive Licence Agreement**. Sometimes, licences form part of a larger transaction involving other contractual documents, e.g.:

- Where the licence is granted pursuant to an earlier option.
- Where licence terms are included in a research agreement.
- Where the licensee, as well as taking a licence, also enters into a (separate) research agreement under which it agrees to fund research work in the inventor's laboratory.
- Where the licence is granted as part of a spin-out transaction, in which the RPO receives shares in the licensee.

Occasionally, 'short-form' licences are seen. A **Model Short Form Non-Exclusive Licence Agreement** is also included that grants a simple non-exclusive licence under the IP.

In addition, a **Model Non-Exclusive, Royalty-Free (NERF) Licence Agreement** is also included in the suite. This template is not specific to any particular type of IP and may be adapted for use when patents, software, or other types of IP are relevant.

The Model Non-Exclusive, Royalty-Free (NERF) Licence Agreement has been drafted to be compatible with the description of a 'NERF' licence in the national IP Protocol published by the Irish government. In summary, the IP Protocol sets out the Irish government's public policy positions in relation to the development, use and commercialisation of intellectual property by RPOs in Ireland. Further information about, and a copy of, the IP Protocol can be found on the following website of Knowledge Transfer Ireland:

<http://www.knowledgetransferireland.com/KTI-Reports/>

The Model Non-Exclusive, Royalty Free (NERF) Licence Agreement has been put together consistent with the IP Protocol on the basis that no payments will be due to the RPO from the licensee – irrespective of whether or not the licensee uses the licensed IP for commercial purposes or grants any sub-licences in respect thereof – except (where relevant) a contribution to any patent costs that may be incurred by the RPO in relation to the licensed IP.

### Important points to note about the Model Licence Agreements

The reader faced with drafting a technology licence agreement must always keep in mind that a template can only ever be a starting point. The specific circumstances of the particular arrangement must always be considered and the template tailored as appropriate. For example, a number of fact specific, complex issues may be raised when drafting a technology licence agreement, which by their nature cannot be dealt with in a template. Examples of these issues include the following:

- The Model Licence Agreements have not been drafted to take account of the individual requirements of Irish RPOs which might apply. Readers are advised to seek out and address, by additional provisions, any peculiarities or requirements of a relevant RPO.
- The Model Licence Agreements have not been drafted with regard to any tax law, treatment or policy. It may be advisable to get specific tax advice in relation to any tax issue or treatment which might arise as a result of performing or implementing the agreement. Tax treatment will depend in part on the parties' circumstances at the time the agreement is made and thereafter.
- The Model Licence Agreements have not been drafted to be used by or in relation to consumers. Contracts concluded with consumers are obliged to include an additional layer of legal protections, to be written in plain-spoken language, and to contain other features imposed by consumer-specific laws which are beyond the scope of this Practical Guide.
- In addition, the reader should be aware that in some situations the law relating to 'state aid' might need to be considered (e.g. if the industrial party to the licence agreement does not pay market value for the benefits it receives). This is a complex area and there is no 'one-size-fits-all' way of dealing with it. Accordingly, the reader should seek specialist advice when required.

### Key terms of a typical licence agreement

Although the detailed terms of licence agreements vary, they often include terms covering the following points:

- *Definitions.* Detailed definitions of the subject matter of the licence agreement and key terms used in the licence agreement, including such items as Licensed IP, Territory, Field, Licensed Product, Net Sales Value, Valid Claim, etc..
- *Licence terms.* A 'grant' clause which describes the scope of the licence being granted, whether the licence is exclusive or non-exclusive, whether the licensee is permitted to grant sub-licences and, if so, any conditions for sub-licensing, etc..
- *Confidentiality and publications.* Where know-how is being licensed, provisions governing confidentiality and publications.
- *Assistance from the RPO.* Whether the RPO has any continuing obligations to provide information, support, upgrades, etc..
- *Payment terms.* Detailed payment terms, which may include for example terms covering lump sum payments (e.g. annual or milestone payments), royalties, frequency and time of payments, reports, record-keeping, audit rights, tax issues, etc..
- *Licensee performance.* Obligations on the licensee, particularly in exclusive licence agreements, to develop and commercialise the IP, with provisions stating what is to happen if the licensee fails to comply with these obligations.
- *Liability.* Warranty, liability and indemnity clauses.
- *Term and termination.* Duration, termination and consequences of termination.

### What are the common areas of negotiation?

- Which IP is to be licensed?
- In which fields and territories?

- Is the licence exclusive or non-exclusive?
- The amount of any lump sums and when they are to be paid, e.g. as milestone payments?
- Royalty rates?

Licence agreements often have specially-negotiated terms that tend to include the following:

- *Definitions and scope of licence.* The technical definitions (e.g. IP, Products, Field, etc.) which are crucial to the scope of the licence. Sometimes, input from patent and technical specialists is needed when carefully drafting and negotiating these definitions.
- *Improvements.* Whether any improvements or upgrades must be licensed and, if so, on what terms. The RPO will generally not give these kinds of commitments.
- *Sub-licensing.* Whether sub-licensing is permitted and, if so, on what conditions.
- *Technology transfer and support.* The extent of any obligations to provide information, support, etc. This is related to a previous point, but would include (e.g.) providing initial assistance in making the IP work. Any such obligation should usually be clearly limited in time and extent.
- *Financial terms.* The detailed financial terms, including whether royalties are payable on know-how (or just valid claims of granted patents) and, if so, the definitions of Net Sales Value (and, where used, Net Receipts) and whether the licensee can deduct payments made to third parties from royalty payments (so-called 'royalty-stacking'). If royalty based payments are not to be made, alternative payments may include annual licence fees and milestone payments.
- *Diligence.* The extent of any obligations on the licensee to exploit the IP, and the consequences of failure to meet those obligations. From the RPO's point of view this can be a very important issue, but some licensees are reluctant to offer much by way of commitment. A possible compromise approach, involving referral of any dispute over performance to an expert, is set out in the model licence agreements included.
- *Warranties.* The extent of any warranties to be given by the RPO as to the condition of the IP, e.g. does any third party own any rights in the IP, are there any dominating third party patents, is the IP valid and enforceable, etc..
- *Indemnities.* Whether either party should give any indemnities, e.g. should the licensee indemnify the RPO against product liability claims, and should the RPO indemnify the licensee against third party claims arising out of a breach of warranty.
- *Consequences of termination.* The consequences of termination and, in particular, whether the RPO has any option to acquire rights to any developments made by the licensee in relation to the IP during the term of the licence.

### Competition law issues

Many licence agreements, particularly exclusive licence agreements, are within the scope of national and European competition laws. The main area of potential concern is Article 101(1) of the Treaty on the Functioning of the European Union (TFEU) and Section 4(1) of the Competition Act 2002 (as amended).

Various provisions in IP licence agreements may fall foul of Article 101(1). In general, the competition authorities are conscious that IP rights can assist the creation of monopolies and reduce competition. Potentially anti-competitive provisions include the following (non-comprehensive) selection:

- The grant of exclusive rights.
- Territorial restrictions (including restrictions on sales from one EU country to another).
- Customer restrictions.
- Sales limits.

- Non-compete provisions (e.g. preventing the licensee from selling competing products).
- Price-fixing (e.g. dictating the price at which the licensee sells licensed products).
- Tying clauses (making the licensee buy other goods from the licensor).
- Exclusive grant-back clauses (making the licensee assign rights to improvements).
- Restricting the licensee's right to challenge the validity of the licensor's intellectual property.
- Certain settlement agreements which involve a value transfer or restriction not based on the value of the technology (sometimes referred to as 'pay for delay' or 'reverse payment patent settlement' agreements).

Determining whether a licence agreement complies with competition law is a subject where specialist competition law advice may be required. Issues that may need to be considered include:

- Is there a Community dimension to the agreement (most licence agreements are likely to have a Community dimension).
- Does the 'Notice on Agreements of Minor Importance' apply<sup>2</sup>?
- What are the relevant market shares of the licensor, the licensee and any licensed products?
- Does the agreement present a *prima facie* risk of breach of Article 101(1)? In this context, the detailed commentary set out in the European Commissions' guidelines on Technology Transfer Block Exemption Regulation (TTBER) or the European Commissions' guidelines on Vertical Restraints may provide assistance<sup>3</sup>.
- If the licence agreement is potentially in breach of Article 101(1), are there valid objective justifications for its terms?
- If the licence agreement is potentially in breach of Article 101(1), do the terms fall within any provisions of the TTBER or the vertical agreements block exemption, or where the agreement has a significant research and development component, the block exemption regulation for R&D agreements?

When deciding whether a block exemption is available, it is necessary to consider carefully the detailed terms of both the relevant block exemption (and any guidelines issued by the European Commission) and the agreement in question.

The consequences of breaching Article 101(1) include the parties being fined up to 10% of their worldwide group turnover and possible liability to third parties that have suffered loss from the anti-competitive activities.

The European Commission makes available its legislation relating to Article 101(1) at the following website: <http://ec.europa.eu/competition/antitrust/legislation/legislation.html>

In international licence agreements, there may also be competition laws in the country of the licensee that need to be considered, particularly on larger-scale transactions.

### Tax issues

Where substantial payments are anticipated under a licence agreement, it may be possible to structure the deal in a more tax-efficient way. Taxation of IP payments is a niche area of tax law and it may be necessary to consult with specialists in this area. Some of the tax issues include the following:

<sup>2</sup> Communication from the Commission entitled "Notice on agreements of minor importance which do not appreciably restrict competition under Article 101(1) of the Treaty on the Functioning of the European Union (De Minimis Notice)", reference 2014/C 291/01.

<sup>3</sup> The reader should note that revised rules and guidance came into force on 30 April 2014.

- What is the correct tax treatment of any payments made to academic inventors under the RPO's revenue sharing policies?
- What is the correct tax treatment of any payments made by a licensee to the RPO?
- Should any tax minimisation measures be implemented, e.g. involving use of offshore companies?
- Do the terms of the agreement prejudice the charitable and tax-exempt status of the RPO, e.g. if the academic is prevented from publishing the results of academic research?

### Implied terms in licence agreements

Whether any terms will be implied into a licence agreement depends on the governing law of the agreement. The approach taken by some courts, such as the Irish courts, is that they are usually very reluctant to imply terms into commercial agreements, except for those acknowledged on a statutory basis such as pursuant to the Sale of Goods and Supply of Services Act 1980.

Courts in other countries take a very different approach. For example, it is understood that under French and Belgian law, it may be implied in a patent licence agreement that the licensor will provide any know-how and improvements that may assist the licensee to exploit the licensed patents. For further information, please see *Anderson: Technology Transfer Agreements – Law, Practice and Precedents*, chapter 10 (third edition, Bloomsbury Professional Publishing, 2010).

It is therefore important that the RPO gives serious consideration to the choice of governing law of the licence agreement, which country's courts are to have jurisdiction over the licence agreement and whether such jurisdiction is to be exclusive or non-exclusive. It is expected that agreements entered into with Irish RPOs will be governed by Irish law and subject to the exclusive jurisdiction of the courts of the Republic of Ireland.

## Checklist of preliminary issues and provisions commonly found in licence agreements

<b>Preliminary</b>	
<b>Parties</b>	<ul style="list-style-type: none"> <li>• Have the correct legal names and addresses been included?</li> <li>• Should the relevant researchers sign – as a party or to state they have “read and understood”?</li> <li>• Does the licence agreement refer to group companies being a party? Are the references appropriate? Does the signatory have authority to sign on behalf of group companies?</li> </ul>
<b>Authorised signatory</b>	<ul style="list-style-type: none"> <li>• Who is the authorised signatory for the RPO and what is the process for getting the licence agreement signed?</li> <li>• Who is the authorised signatory for the licensee and what is their process for getting the agreement signed?</li> </ul>
<b>Licensed IP, Licensed Products, Licensed Services, Field</b>	<ul style="list-style-type: none"> <li>• Have these definitions been carefully thought through and discussed with the academic, patent advisers and other technical colleagues as appropriate?</li> <li>• Does the licensed product/service definition ensure that royalties are paid on patent applications and use of know-how (if appropriate)?</li> <li>• Is any know-how definition suitably limited (see commentary)?</li> <li>• Where software is being licensed, have the different ways of exploiting the software (by itself, as part of a package, incorporated into devices, used in the provision of a service, etc.) been addressed and are there suitable financial provisions covering each potential type of exploitation?</li> </ul>
<b>Definitions</b>	
<b>Net Sales Value, Net Receipts</b>	<ul style="list-style-type: none"> <li>• If royalty based payments are to be made, do the definitions protect the RPO’s interests fully?</li> </ul>
<b>Obligations</b>	
<b>Grant of licence</b>	<ul style="list-style-type: none"> <li>• Is the grant clause tightly drafted in terms of IP, products, services, licensed acts (manufacture, sale, etc.)?</li> <li>• Is the licence stated to be exclusive or non-exclusive?</li> <li>• Is it exclusive for some IP (e.g. patents) but non-exclusive for others (e.g. know-how)?</li> <li>• Is sub-licensing permitted? Have any conditions for sub-licensing been stated? Do sub-licences survive termination of the head licence?</li> <li>• Has the RPO reserved a right to use the IP for research, publication and teaching?</li> <li>• Has due diligence been done to check that such a licence does not interfere with other commercialisation plans for the IP?</li> <li>• Does the licence include improvements and if so, has specialist advice been sought?</li> <li>• If needed, are there appropriate confidentiality and publications clauses?</li> </ul>
<b>Assistance from licensor</b>	<ul style="list-style-type: none"> <li>• Are there obligations on the licensor to provide licensor know-how, materials, software, support, etc.? Have these obligations been tightly defined in relation to scope, time commitment, liability, etc.?</li> <li>• In relation to software, is source code being provided? If so, are the licensee’s rights to use that source code clearly stated? If only object</li> </ul>

	code is being provided, should the source code be deposited with an escrow agent and made available to the licensee under the terms of an escrow agreement?
<b>Payments</b>	<ul style="list-style-type: none"> <li>• Are any lump sums payable? Is it clear when these are to be paid, and whether they are offset against royalties?</li> <li>• Are patent fees to be reimbursed?</li> <li>• Are any royalties payable? If so, are the royalties based on a Net Sales Value or Net Receipts definition? Is the royalty the same for all types of IP (e.g. know-how royalty is sometimes 50% of patent royalty)?</li> <li>• Is a minimum royalty payable?</li> </ul>
<b>Payment terms</b>	<ul style="list-style-type: none"> <li>• Does the licence agreement include clear provisions concerning frequency and dates of payments, reporting, record keeping, auditing, withholding tax, etc.?</li> </ul>
<b>Performance by licensee</b>	<ul style="list-style-type: none"> <li>• Are there objective measures of performance that can be included (e.g. minimum sales, reaching certain stages of development by particular dates, etc.)?</li> <li>• Is a general 'best efforts' style performance obligation appropriate?</li> <li>• Are the consequences of failing to achieve the required standards/measures clearly stated?</li> </ul>
<b>Patenting</b>	<ul style="list-style-type: none"> <li>• Does the licence agreement include appropriate terms governing responsibility for protecting the IP, dealing with infringers, defending claims from third parties, etc.?</li> <li>• Who bears the costs of litigation and who keeps any damages, etc. awarded?</li> </ul>
<b>Warranties</b>	<ul style="list-style-type: none"> <li>• What enquiries have been conducted to ensure the warranties given by the RPO are acceptable?</li> <li>• If knowledge-based warranties are included, are they "as far as [<i>insert named individual</i>] is aware, but without having conducted searches and investigations" or are they at the higher level of "to the best of knowledge"?</li> <li>• Should the RPO be giving these warranties?</li> </ul>
<b>Liability and indemnities</b>	<ul style="list-style-type: none"> <li>• Are there any liability and indemnity clauses (if not, liability is unlimited)?</li> <li>• Are these clauses acceptable? Has advice been taken on them?</li> <li>• Do they need to be referred to the RPO's lawyers and/or insurers?</li> </ul>
<b>Duration, termination, consequences</b>	<ul style="list-style-type: none"> <li>• Is there a clear commencement and expiry date?</li> <li>• Can the licence agreement be terminated for breach or insolvency?</li> <li>• Are the consequences of termination clearly stated, including rights to acquire improvements?</li> </ul>
<b>Miscellaneous</b>	
<b>Law and jurisdiction</b>	<ul style="list-style-type: none"> <li>• Has the law governing the licence agreement been stated?</li> <li>• Has jurisdiction also been specified (i.e. which party's courts would hear any dispute)?</li> <li>• Is it appropriate to specify exclusive or non-exclusive jurisdiction?</li> </ul>
<b>'Boilerplate' provisions</b>	<ul style="list-style-type: none"> <li>• Should any other provisions be included? For example: <ul style="list-style-type: none"> <li>▪ Entire Agreement.</li> <li>▪ Force Majeure.</li> <li>▪ Use of an organisation's name and logo.</li> <li>▪ Notices (e.g. should they go to a specific office of the RPO)</li> </ul> </li> </ul>

	rather than to the RPO's general mailing address).
<b>Schedules</b>	<ul style="list-style-type: none"> <li>• Is a schedule appropriate for a description of the IP (whether patents/copyright/know-how)? What happens if new IP is developed?</li> <li>• Have the contents been agreed/checked with the academic?</li> <li>• Are they attached?</li> </ul>

### Summary of best practice

- *Policy.* In contracting, RPOs should be expected to have in place an institutional policy for licence agreements, covering such matters as:
  - Procedures to be followed to ensure that the RPO protects its IP, including procedures governing confidential disclosure of information, patent filing, etc.).
  - The circumstances in which the RPO might enter into licence agreements for (a) incoming and (b) outgoing IP, respectively, and when exclusive licences should be agreed and whether sub-licensing is to be allowed.
  - Procedures to be followed to ensure that the RPO complies with the terms of its licence agreements, including confidentiality obligations, warranties, diligence obligations, reporting, patenting and other IP protection obligations, etc..
  - Procedures to be followed to ensure that the other party complies with its obligations under the licence agreement, including regular audits of a licensee's performance and whether the correct amount of royalties has been paid.
  - Who has authority to sign the licence agreement for the RPO?
  - Whether individual researchers should also sign and/or approve the terms of licence agreements.
- *Templates.* Model Agreements are provided that will assist in the negotiations. See the **Model Exclusive Licence Agreement**, the **Model Short Form Non-Exclusive Licence Agreement** and the **Model Non-Exclusive, Royalty-Free (NERF) Licence Agreement**.
- *Key Terms.* Beware of such issues as:
  - Does the RPO's insurance policies cover agreements governed by foreign laws and jurisdictions?
  - Which warranties, liabilities and indemnities can be accepted, or should be required, in licence agreements?
  - The scope of any licences granted, in particular, are they limited to specific IP generated by specific individuals?
  - Which party is responsible for protecting the IP, including expenditure and control over decisions regarding such protection?
  - Whether licences to 'improvements' or 'pipelines' should be included in the licence agreement?
- *Monitoring.* The RPO will implement procedures to monitor the licensee's performance, including regular audits, ensuring licensee provides reports and payments on time, etc..

### When to involve the lawyers

Licence agreements will usually be significant contracts for each party and usually merit full legal review. Some companies and RPOs have their own legal departments that become involved in licence negotiations; others regularly use external lawyers. Some organisations tend not to involve lawyers at all, but instead require their licensing executives to take on the legal/drafting role as part of their duties. If the transaction is significant, legal advice may well be required.

If the parties are discussing a term sheet for the licence agreement and either intends to involve a lawyer, it is often more cost effective to begin work with the lawyer at the term sheet stage. The lawyer's review can usually be quick and brief, and will usually concentrate on the following issues:

- ensuring that it is clear whether the term sheet is intended to be legally binding or create obligations to negotiate; and
- checking that the provisions are reasonably clear and unambiguous and do not promise too much. Term sheets vary greatly in their content and language, and sometimes include onerous obligations. Even though the term sheet may be stated to be not legally binding, it may be difficult in practice to 'back track' from a commitment made in a term sheet, sometimes inadvertently.

## Model Exclusive Licence Agreement including drafting points

Dated \_\_\_\_\_ 20[●]

(1) [*Full legal name of the RPO*]

and

(2) [*Full legal name of the Licensee*]

## MODEL EXCLUSIVE LICENCE AGREEMENT

## MODEL EXCLUSIVE LICENCE AGREEMENT<sup>i ii iii iv</sup>

This Agreement dated \_\_\_\_\_ 20[●]<sup>v</sup> is between:

- (1) [●] (the “RPO”), [an academic institution incorporated or established under [statute or charter in Ireland,]] whose [principal address or registered office] is at [●]<sup>vi</sup>; and
- (2) [●] [LIMITED][INC.] (the “Licensee”), [a company incorporated in [●] under registration number [●],] whose [principal place of business or registered address] is at [●]<sup>vii</sup>.

### Background:

- A. The RPO has developed certain technology and owns certain intellectual property rights relating to [●]<sup>viii</sup>, including the IP and the Know-how.
- B. The Licensee wishes to acquire rights under the IP and to use the Know-how for the development and commercialisation of Licensed Products in the Field and in the Territory, all in accordance with the provisions of this Agreement.

### The Parties agree as follows:

#### 1. Definitions

1.1 *Definitions.* In this Agreement, the following words shall have the following meanings:

<b>Affiliate</b>	In relation to a Party, means any entity or person that Controls, is Controlled by, or is under common Control with that Party.
<b>Bribery Event</b>	A breach by a Party and/or its Affiliates and/or their respective officers, directors, employees and representatives of the Prevention of Corruption Acts 1889 to 2010 <sup>ix</sup> and/or any corresponding anti-bribery or anti-corruption legislation in the Territory.
<b>Claims</b>	All demands, claims and liability (whether criminal or civil, in contract, tort (including negligence) or otherwise) for losses, damages, legal costs and other expenses of any nature whatsoever and all costs and expenses (including legal costs) incurred in connection therewith.
<b>Commencement Date</b>	[●] <sup>x</sup> .
<b>Confidential Information</b>	<ol style="list-style-type: none"> <li>(a) All IP and Know-how; and</li> <li>(b) All other technical or commercial information that: <ol style="list-style-type: none"> <li>(i) in respect of information provided in documentary form or by way of a model or in other tangible form, at the time of provision is marked or otherwise designated to show expressly or by necessary implication that it is imparted in confidence;</li> <li>(ii) in respect of information that is imparted orally, any information that the Disclosing Party or its representatives informed the Receiving Party at the time of disclosure was imparted in confidence; and</li> <li>(iii) any copy of any of the foregoing.</li> </ol> </li> </ol>
<b>Control</b>	Direct or indirect beneficial ownership of 50% (or, outside a Party's home territory, such lesser percentage as is the maximum, permitted level of foreign investment) or more of the share capital, stock or other participating interest carrying the right to vote or to distribution of profits of that Party, as the case may be.

<b>Diligent and Reasonable Efforts</b>	Exerting such efforts and employing such resources as would normally be exerted or employed by a reasonable third party company for a product of similar market potential at a similar stage of its product life, when utilising sound and reasonable scientific and business practice and judgement in order to develop the product in a timely manner and maximise the economic return to the Parties from its commercialisation.
<b>Disclosing Party</b>	Has the meaning given in Clause 3.
<b>Field</b>	[●] <sup>xi</sup> .
<b>IP</b>	Any and all of the intellectual property rights and relevant applications for intellectual property rights referred to in Schedule 1 Part A, (including, with respect to any patents, any continuations, continuations in part, extensions, reissues, divisions, and any supplementary protection certificates and similar rights that derive priority from the foregoing).
<b>Know-how</b>	Technical information in the Field developed by the RPO and relating directly to the inventions claimed in the IP, as described in the attached Schedule 1 Part B.
<b>Licensed Products</b>	[Any and all products that are manufactured, sold or otherwise supplied by the Licensee or its sub-licensee(s) (including any Affiliate(s) of the Licensee) and which (a) are within any Valid Claim of the IP; and/or (b) incorporate, or their development makes use of, any of the Know-how.]
<b>[Net Receipts<sup>xii</sup>]</b>	[The amount of any payment (excluding value added tax), and the value of any non-monetary receipt, obtained by, or due to, the Licensee or its Affiliate(s), in relation to the development or sub-licensing (including the grant of any option over a sub-licence) of any of the IP and Know-how, and including any of the following: (a) up-front, milestone (whether at the stage of development, marketing or otherwise), success, bonus, maintenance and periodic (including annual) payments and royalty payments due under any sub-licence agreement; (b) payments in respect of the funding of research or development activities related to any Licensed Product, to the extent that such payments exceed a reasonable level of payment for such activities; (c) where any sub-licence is to be granted under cross-licensing arrangements, the value of any third party licence obtained under such arrangements; (d) any premium paid over the fair market value of shares, options or other securities in respect of any of the share capital of the Licensee or its Affiliate(s) (such fair market value to be determined on the assumption that the RPO had not granted, nor agreed to grant, any rights to the Licensee in respect of any of the IP and Know-how); (e) any loan, guarantee or other financial benefit made or given other than on normal market terms; and (f) any shares, options or other securities obtained from a third party.]
<b>[Net Sales Value<sup>xiii</sup>]</b>	[The invoiced price of Licensed Products sold or otherwise supplied by the Licensee or its Affiliate(s) to independent third parties in arm's length transactions exclusively for money or, where the sale or other supply is not at arm's length, the price that would have been so invoiced if it had been at arm's length, after deduction of all documented: (a) normal trade discounts actually granted and any credits actually given for rejected or returned Licensed Products; (b) costs of packaging, insurance, carriage and freight, provided in each case that the amounts are separately charged on the relevant invoice;

	(c) Value Added Tax or other sales tax; and (d) import duties or similar applicable government levies, provided that such deductions do not exceed reasonable and customary amounts in the markets in which such sales or other supplies occurred <sup>xiv</sup> . Sales and other supplies between any of the Licensee, its Affiliates and sub-licensees shall not be considered for the purposes of this definition unless there is no subsequent sale or other supply to a person who is not the Licensee, its Affiliate or sub-licensee.]
<b>Parties</b>	The RPO and the Licensee; and “ <b>Party</b> ” shall mean either of them.
<b>Principal Investigator</b>	[●] <sup>xv</sup> .
<b>Receiving Party</b>	Has the meaning given in Clause 3.
<b>Territory</b>	[●] <sup>xvi xvii</sup> .
<b>Valid Claim</b>	A claim of a patent or patent application that has not expired or been held invalid or unenforceable by a court of competent jurisdiction in a final and non-appealable judgment.

## 2. Grant of rights

2.1 *Licences.* The RPO hereby grants to the Licensee, subject to the provisions of this Agreement:

- (a) an exclusive<sup>xviii</sup> licence to use the IP to develop, manufacture, have manufactured, use and sell or otherwise supply Licensed Products only in the Field in the Territory; and
- (b) a non-exclusive<sup>xix</sup> licence to use the Know-how to develop, manufacture, have manufactured, use and sell or otherwise supply Licensed Products only in the Field in the Territory.

2.2 *Formal licences<sup>xx</sup>.* The Parties shall execute such formal licences as may be necessary or appropriate for registration with intellectual property offices and other relevant authorities in particular territories. In the event of any conflict in meaning between any such licence and the provisions of this Agreement, the provisions of this Agreement shall prevail. Prior to the execution of the formal licence(s) (if any) referred to in this Clause 2.2 the Parties shall so far as possible have the same rights and obligations towards one another as if such licence(s) had been granted. The Parties shall use reasonable endeavours to ensure that, to the extent permitted by the relevant authorities, this Agreement shall not form part of any public record.

2.3 *Sub-licensing.*

- (a) The Licensee shall be entitled to grant sub-licences of its rights under this Agreement to any of its Affiliates without the need for any further consent from the RPO, provided that the Licensee complies with the conditions set out in paragraph (i) to (v) of Clause 2.3(b) in respect of any such sub-licence.
- (b) Subject to Clause 2.3(a), the Licensee shall not be entitled to grant sub-licences of its rights under this Agreement, except with the prior written consent of the RPO, which consent shall not be unreasonably withheld. Where the RPO gives its consent, the Licensee shall be entitled to grant sub-licences of its rights under this Agreement to any person, provided that:
  - (i) the sub-licence shall include obligations on the sub-licensee which are equivalent to the obligations on the Licensee under this Agreement and limitations of liability that are equivalent to those set out in this Agreement;
  - (ii) the sub-licence shall not permit the sub-licensee to further sub-licence any of its rights to the IP and/or the Know-how;

- (iii) the sub-licence shall terminate automatically on the termination of this Agreement for any reason;
- (iv) within thirty (30) days of the grant of any sub-licence the Licensee shall provide to the RPO a true copy of it; and
- (v) the Licensee shall be responsible for any breach of the sub-licence by the sub-licensee, as if the breach had been that of the Licensee under this Agreement, and the Licensee shall indemnify the RPO against any losses, damages, costs, claims or expenses which are awarded against or suffered by the RPO as a result of any such breach by the sub-licensee.

#### 2.4 *Reservation of rights.*

- (a) The RPO reserves for itself and its Affiliates the [exclusive], irrevocable, worldwide, royalty-free right to use the Know-how and the IP in the Field for the purposes of research that is not directed to the development of commercial products and services, publication and teaching.
- (b) Except for the licences expressly granted by Clause 2.1, the RPO reserves all its rights. Without prejudice to the generality of the foregoing, the RPO grants no rights to any intellectual property other than the IP and the Know-how, and reserves all rights under the IP and the Know-how outside the Field.

#### 2.5 *Provision of Know-how.*

- (a) Within thirty (30) days of the Commencement Date, the Parties shall agree in writing the arrangements by which the RPO (through the Principal Investigator) shall make available the Know-how to the Licensee.
- (b) The RPO shall not have any obligation to provide any technical support in relation to any of the IP or the Know-how. However, if the Licensee wishes the RPO to provide any such support, the Licensee shall give the RPO written notice thereof. The RPO shall respond to such notice within fourteen (14) days, or within such other period as the Parties may agree to be reasonable in the circumstances, by confirming in writing whether or not it is willing and able to provide such support on reasonable commercial terms to be agreed between the Parties in writing.

### 3. Confidentiality

#### 3.1 *Confidentiality obligations.* Each Party (the “**Receiving Party**”) undertakes from the Commencement Date:

- (a) to maintain as secret and confidential all Confidential Information obtained directly or indirectly from the other Party (the “**Disclosing Party**”) in the course of or in anticipation of this Agreement and to respect the Disclosing Party’s rights therein;
- (b) to use such Confidential Information only for the purposes of this Agreement;
- (c) to disclose such Confidential Information only to those of its employees, contractors and sub-licensees pursuant to this Agreement (if any) to whom and to the extent that such disclosure is reasonably necessary for the purposes of this Agreement; and
- (d) to ensure that all those to whom disclosure of or access to such Confidential Information has been given, including its officers, directors, employees and professional advisers, comply with the provisions of this Agreement, and the Receiving Party shall be liable to the Disclosing Party for any breach of this Agreement by any of the foregoing.

#### 3.2 *Exceptions to obligations.* The provisions of Clause 3.1 shall not apply to Confidential Information which the Receiving Party can demonstrate by reasonable, written evidence:

- (a) was, prior to its receipt by the Receiving Party from the Disclosing Party, in the possession of the Receiving Party and at its free disposal; or
- (b) is subsequently disclosed to the Receiving Party without any obligations of confidence by a third party who has not derived it directly or indirectly from the Disclosing Party; or
- (c) is independently developed by the RPO by individuals who have not had any direct or indirect access to the Disclosing Party's Confidential Information; or
- (d) is or becomes generally available to the public through no act or default of the Receiving Party or its agents, employees, Affiliates or sub-licensees.

3.3 *Disclosure in accordance with legal obligations.* To the extent that the Receiving Party is required to disclose any of the Disclosing Party's Confidential Information by order of a court or other public body that has jurisdiction over it or under other legal obligations, such as under a *bona fide* freedom of information request, it may do so, provided that, before making such a disclosure the Receiving Party shall, unless the circumstances prohibit:

- (a) inform the Disclosing Party of the proposed disclosure as soon as possible, in any event, no later than five (5) working days after becoming aware of the proposed disclosure; and
- (b) permit the Disclosing Party to make representations (written or otherwise) in respect of the disclosure and/or confidential treatment of the Confidential Information.

#### 4. Additional Licensee obligations

4.1 *Compliance with applicable laws, etc.* The Licensee shall in exercising its rights under this Agreement:

- (a) comply with all applicable laws, regulations and other similar instruments in the Territory and shall at all times be solely liable and responsible for such due observance and performance; and
- (b) permit, and shall use its best endeavours to obtain permission for, the RPO at all reasonable times and on reasonable notice to enter any place used for the development, manufacture, use or storage of the Licensed Products to inspect the methods of development, manufacture, use or storage<sup>xxi</sup>.

4.2 *Licensee restrictions.* The Licensee shall not, and shall ensure that its Affiliates and sub-licensees do not:

- (a) use the name, any adaptation of the name, any logo, trademark or other device of the RPO, in any advertising, promotional or sales materials without prior written consent obtained from the RPO in each case;
- (b) do, or omit to do, anything to diminish the rights of the RPO in the IP or the Know-how or impair any registration of the IP;
- (c) use any child labour in the manufacture or distribution of the Licensed Products, and where third parties are to manufacture or distribute those Licensed Products the Licensee shall procure from those third parties written confirmation that they shall not use any child labour in the manufacture or distribution of the Licensed Products; or
- (d) engage in conduct in any Territory that would reasonably be construed as a Bribery Event.

#### 5. Payments<sup>xxii xxiii</sup>

5.1 *[Initial payments.* Within thirty (30) days of the Commencement Date, the Licensee shall:

- (a) pay to the RPO the non-refundable[, non-deductible]<sup>xxiv</sup> lump-sum of [●] Euro (€[●])<sup>xxv</sup> [or which shall be an advance against royalties due under Clauses 5.3 and 5.4]; and
- (b) reimburse all of the costs and expenses incurred by the RPO in respect of drafting, applying for and prosecuting the IP prior to the Commencement Date.]

5.2 [Milestone payments. Upon achievement of the each of the milestone events set out in the following table, the Licensee shall pay to the RPO the amount(s) set out next to such milestone event in the table:]

Milestone event <sup>xxvi</sup>	Amount to be paid

5.3 [Royalties on Net Sales Value<sup>xxvii xxviii</sup>. The Licensee shall pay to the RPO a royalty of [●] per cent ([●]%) of the Net Sales Value of all Licensed Products, or any part thereof, sold or otherwise supplied by Licensee or its Affiliates.]

5.4 [Royalties on Net Receipts<sup>xxix</sup>. The Licensee shall pay to the RPO a royalty of [●] per cent ([●]%) of Net Receipts.]

5.5 [Annual licence fees<sup>xxx</sup>. On each anniversary of the Commencement Date (or such other date(s) as may be agreed to by the Parties in writing), the Licensee shall pay to the RPO the annual licence fee of [●] Euro (€[●]). If the Licensee fails to pay any such amount by such date, the RPO may in its sole and absolute discretion either (a) convert the exclusive licence granted under Clause 2.1 into a non-exclusive licence, or (b) elect to treat such non-payment as a material breach under Clause 9.2(b)(i); in either case by issuing a written notice to the Licensee to inform the Licensee of its decision.]

5.6 [Non-monetary consideration; referral to expert<sup>xxxi</sup>. Where the Licensee accepts Net Receipts in the form of shares in a sub-licensee or other non-monetary receipts, the Licensee shall pay the royalty due under this Agreement to the RPO on such Net Receipts by determining the equivalent cash value of such shares or other non-monetary receipts. If the Parties disagree as to the cash value of such shares or non-monetary receipts, such disagreement shall be referred to an independent expert who shall be appointed and act in accordance with the provisions of Schedule 2 and whose decision shall be final and binding on the Parties.]

5.7 [Combination Products<sup>xxxii</sup>. If any Licensed Products are incorporated in any other product (“**Combination Product**”) supplied by the Licensee and the Licensed Product is not priced separately from the Combination Product, the Net Sales Value of such Licensed Product shall be deemed to be the fair market value of the Licensed Product in the country of sale when sold separately or, where the products are not sold separately, that proportion of the Net Sales Value of the Combination Product which is attributable to the Licensed Product, comparing the [manufacturing cost] of the Licensed Product with that of the Combination Product, as in the following formula: Net Sales Value of Licensed Product = ([manufacturing cost] of Licensed Product divided by total [manufacturing cost] of Combination Product) x Net Sales Value of Combination Product.]

5.8 [Minimum royalties<sup>xxxiii</sup>. If the royalties payable under Clause 5.3 and Clause 5.4 are less than [●] Euro (€[●]) (“**Minimum Royalty**”) in any calendar year, the Licensee shall pay to the RPO the amount by which such royalties are less than the Minimum Royalty within sixty (60) days of the end of such calendar year, failing which the RPO shall be entitled to terminate this Agreement and all licences granted under this Agreement by notice in writing to the Licensee given at any time after the expiry of the said sixty (60) day period. If this Agreement ends on any day other than the end of a calendar year, the Minimum Royalty due for that year shall be reduced pro-rata, i.e. the minimum amount due shall be the Minimum Royalty for a complete year multiplied by the number of days of the final calendar year during which this Agreement was in force, and divided by three hundred and sixty five (365) days.]

- 5.9 [Royalties to third parties<sup>xxxiv</sup>. If, during the continuation of this Agreement, the Licensee considers it necessary to obtain a licence from any third party (“**Third Party Licence**”) in order to avoid infringing such third party’s intellectual property rights in the course of manufacture or sale of Licensed Products, the royalties paid under the Third Party Licence shall be treated as a deductible item when calculating Net Sales Value provided that the amount of royalty payable by the Licensee to the RPO in any quarterly period shall not be reduced by more than 50% of the amount which would have been payable in the absence of this Clause. The deductions referred to in this Clause shall only be made where the infringement of the third party intellectual property rights arises from the use of the IP in accordance with the provisions of this Agreement, and not from the use of any other intellectual property that the Licensee chooses to use in the manufacture or sale of any Licensed Product.]
- 5.10 [Payment frequency<sup>xxxv</sup>. Royalties due under this Agreement shall be paid within thirty (30) days of the end of each quarter ending on 31 March, 30 June, 30 September and 31 December, in respect of sales or other supplies of Licensed Products made and Net Receipts generated during such quarter and within thirty (30) days of the termination of this Agreement.]
- 5.11 *Payment terms.* All sums due under this Agreement:
- (a) are exclusive of value added tax which where applicable will be paid by the Licensee to the RPO in addition;
  - (b) shall be paid in Euro in cash by transferring an amount in aggregate to the following account<sup>xxxvi</sup>: number [●], sort code [●], account name [●], held with [●] Bank plc, [address], and in the case of sales or sub-licence income received by the Licensee in a currency other than Euro, the royalty shall be calculated in the other currency and then converted into equivalent Euro at the buying rate of such other currency as quoted by [●] Bank plc in Dublin as at the close of business on the last business day of the quarterly period with respect to which the payment is made;
  - (c) shall be made without deduction of income tax or other taxes, charges or duties that may be imposed, except insofar as the Licensee is required to deduct the same to comply with applicable laws. The Parties shall cooperate and take all steps reasonably and lawfully available to them, at the reasonable expense of the RPO, to avoid deducting such taxes and to obtain double taxation relief. If the Licensee is required to make any such deduction it shall provide the RPO with such certificates or other documents as it can reasonably obtain to enable the RPO to obtain appropriate relief from double taxation of the payment in question; and
  - (d) shall be made by the due date, failing which the RPO may charge interest on any outstanding amount on a daily basis at a rate equivalent to [●] per cent ([●]%) above the [●] Bank plc base lending rate then in force in Dublin<sup>xxxvii</sup>.
- 5.12 *Exchange controls.* If at any time during the continuation of this Agreement the Licensee is prohibited from making any of the payments required hereunder by a governmental authority in any country, then within the prescribed period for making the said payments in the appropriate manner, the Licensee shall use its best endeavours to secure from the proper authority in the relevant country permission to make the said payments and shall make them within seven (7) days of receiving such permission. If such permission is not received within thirty (30) days of the Licensee making a request for such permission then, at the option of the RPO, the Licensee shall deposit the royalty payments due in the currency of the relevant country either in a bank account designated by the RPO within such country or such royalty payments shall be made to an associated company of the RPO designated by the RPO and having offices in the relevant country designated by the RPO.
- 5.13 [Royalty statements<sup>xxxviii</sup>. The Licensee shall send to the RPO at the same time as each royalty payment is made in accordance with Clause 5.3 or Clause 5.4 a statement setting out, in respect of each territory or region in which Licensed Products are sold or supplied, the types of Licensed Product sold or supplied, the quantity of each type sold or supplied, and the total Net Sales Value, and the total Net Receipts in respect of each type and sub-licensee, expressed both in local

currency and Euro and showing the conversion rates used, during the period to which the royalty payment relates.]

5.14 [Records<sup>xxxix</sup>.

- (a) The Licensee shall keep at its normal place of business detailed and up to date records and accounts showing (i) the quantity, description and value of Licensed Products sold or otherwise supplied by it, and (ii) the amount of sub-licensing revenues received by it in respect of Licensed Products, in each case on a country by country basis, and being sufficient to ascertain the payments due under this Agreement.
- (b) The Licensee shall make such records and accounts available, on reasonable notice, for inspection during business hours by an [independent chartered accountant] nominated by the RPO for the purpose of verifying the accuracy of any statement or report given by the Licensee to the RPO under this Clause 5. The [accountant] shall be required to keep confidential all information learnt during any such inspection, and to disclose to the RPO only such details as may be necessary to report on the accuracy of the Licensee's statement or report. The RPO shall be responsible for the accountant's charges unless the [accountant] certifies that there is an inaccuracy of more than [five per cent (5%)] in any royalty statement, in which case the Licensee shall pay his charges in respect of that inspection.
- (c) The Licensee shall ensure that the RPO has the same rights as those set out in this Clause 5.14 in respect of any person that is sub-licensed under the IP or Know-how pursuant to this Agreement.]

## 6. Commercialisation<sup>xl</sup>

6.1 *General diligence.* The Licensee shall be exclusively responsible for the technical and commercial development and manufacture of Licensed Products and shall use Diligent and Reasonable Efforts to develop and commercially exploit Licensed Products to the maximum extent in the Field and throughout the Territory.

6.2 *Annual Report.*

- (a) Without prejudice to the generality of the Licensee's obligations under Clause 6.1, the Licensee shall provide at least annually to the RPO an updated, written statement (the "**Annual Report**") that shall set out the past, current and projected activities taken or planned to be taken by the Licensee and its Affiliates and sub-licensees (if any) to bring Licensed Products to market and maximise the sale of Licensed Products in the Field throughout the Territory, including whether and when any milestone events referred to in this Agreement have been performed or are likely to be performed by the Licensee.
- (b) The RPO's receipt or approval of any Annual Report shall not be taken to waive or qualify the Licensee's obligations under Clause 6.1.

6.3 *Referral to expert<sup>xli</sup>.* If the RPO considers at any time during the period of this Agreement that the Licensee has without legitimate reason failed to comply with its obligations under Clause 6.1, the RPO shall be entitled to refer to an independent expert the following questions:

- (a) whether the Licensee has complied with its obligations under Clause 6.1; and if not
- (b) what specific action the Licensee should have taken ("**Specific Action**") in order to have so complied.

6.4 *Appointment of expert.* The independent expert shall be appointed in accordance with the provisions of Schedule 2 and his decision shall be final and binding on the Parties.

6.5 *Consequences of expert's decision.* If the expert determines that the Licensee has failed to comply with its obligations under Clause 6.1, and if the Licensee fails to take the Specific Action within six (6) months of the expert giving his decision in accordance with Schedule 2, the RPO

shall be entitled, by giving, at any time within three (3) months after the end of that six (6) month period, not less than three (3) months' notice to terminate this Agreement and the licences granted to the Licensee under Clause 2.1.

## 7. Intellectual property<sup>xliii</sup>

7.1 [Obtain and maintain the patents (if any) comprising the IP<sup>xliii</sup> <sup>xliv</sup>. The Licensee shall at its own cost and expense:

- (a) endeavour to obtain valid patents in the name of the RPO pursuant to each of the patent applications listed in Schedule 1 so as to secure the broadest monopoly reasonably available;
- (b) co-operate with the RPO and its licensee(s) outside the Field (if any);
- (c) consult with the RPO in relation to all changes to patent claims or specifications that would have the effect of reducing or limiting the extent of the patent coverage;
- (d) ensure that the RPO shall receive copies of all correspondence to and from the relevant patent offices in respect of the patents, including copies of all documents generated in or with such correspondence; and
- (e) pay all renewal fees in respect of the patents as and when due,

provided that if the Licensee wishes to abandon any such application or not to maintain any such patents (or to cease funding such application or patents) it shall give three (3) months' prior written notice to the RPO and on the expiry of such notice period the Licensee shall cease to be licensed under the patent application or patent identified in the notice.]

7.2 *Infringement of the IP<sup>xliv</sup>.*

- (a) Each Party shall inform the other Party promptly if it becomes aware of any infringement or potential infringement of any of the IP in the Field, and the Parties shall consult with each other to decide the best way to respond to such infringement.
- (b) If the Parties fail to agree on a joint programme of action for responding to such infringement, including how the costs of any such action are to be borne and how any damages or other sums received from such action are to be distributed, then the Licensee shall be entitled to take action<sup>xlvi</sup> against the third party at its sole expense, subject to the following provisions of this Clause 7.2.
- (c) Before starting any legal action under Clause 7.2(b), the Licensee shall consult with the RPO as to the advisability of the action or settlement, its effect on the good name of the RPO, the public interest, and how the action should be conducted.
- (d) If the alleged infringement is both within and outside the Field, the Parties shall also co-operate with the RPO's other licensees (if any) in relation to any such action.
- (e) The Licensee shall reimburse the RPO for any reasonable expenses incurred in assisting it in such action. The Licensee shall pay the RPO royalties, in accordance with Clause 5, on any damages received from such action as if the amount of such damages after deduction of both Parties' reasonable expenses in relation to the action were Net Receipts<sup>xlvii</sup>.
- (f) The RPO shall agree to be joined<sup>xlviii</sup> in any suit to enforce such rights subject to being indemnified and secured in a reasonable manner as to any costs, damages, expenses or other liability and shall have the right to be separately represented by its own counsel at its own expense.
- (g) If, within six (6) months of the Licensee first becoming aware of any potential infringement of the IP, the Licensee is unsuccessful in persuading the alleged infringer to desist or fails to initiate an infringement action, the RPO shall have the right, at its sole discretion, to prosecute

such infringement under its sole control and at its sole expense, and any damages or other payments recovered shall belong solely to the RPO.

### 7.3 *Infringement of third party rights*<sup>xlix</sup>.

- (a) If any warning letter or other notice of infringement is received by a Party, or legal suit or other action is brought against a Party, alleging infringement of third party rights in the manufacture, use or sale of any Licensed Product or use of any IP, that Party shall promptly provide full details to the other Party, and the Parties shall discuss the best way to respond.
- (b) The Licensee shall have the right but not the obligation to defend such suit to the extent it relates to activities in the Field and shall have the right to settle with such third party, provided that if any action or proposed settlement involves the making of any statement, express or implied, concerning the validity of any IP, the consent of the RPO must be obtained before taking such action or making such settlement.

## 8. Warranties and liability

### 8.1 *Warranties by RPO*<sup>l</sup>. The RPO warrants and undertakes as follows:

- (a) subject to Clause 8.2(b), it is the registered proprietor of, or applicant for, the IP; and
- (b) it has not done, and shall not do nor agree to do during the continuation of this Agreement, any of the following things if to do so would be inconsistent with the exercise by the Licensee of the rights granted to it under this Agreement, namely:
  - (i) granted or agreed to grant any rights in the IP in the Field in the Territory to any other person; and
  - (ii) assigned, mortgaged, charged or otherwise transferred any of the IP in the Field in the Territory or (subject to Clause 10.3(b)) any of its rights or obligations under this Agreement<sup>li</sup>.

### 8.2 *Acknowledgements*. The Licensee acknowledges and agrees that:

- (a) the inventions claimed in the IP, and the Know-how, are at an early stage of development. Accordingly, specific results cannot be guaranteed and any results, materials, information or other items (together "**Delivered Items**") provided under this Agreement are provided 'as is' and without any express or implied warranties, representations or undertakings. As examples, but without limiting the foregoing, the RPO does not give any warranty that Delivered Items are of merchantable or satisfactory quality, are fit for any particular purpose, comply with any sample or description, nor are viable, uncontaminated, safe or non-toxic, accurate, up to date or complete; and
- (b) the RPO has not performed any searches or investigations into the existence of any third party rights that may affect any of the IP or Know-how.

### 8.3 *No other warranties*.

- (a) Each of the Licensee and the RPO acknowledges that, in entering into this Agreement, it does not do so in reliance on any representation, warranty or other provision except as expressly provided in this Agreement, and any conditions, warranties or other terms implied by statute or common law are excluded from this Agreement to the fullest extent permitted by law<sup>lii</sup>.
- (b) Without limiting the scope of Clause 8.3(a), the RPO does not make any representation nor give any warranty or undertaking:
  - (i) as to the efficacy or usefulness of the IP or Know-how; or

- (ii) as to the scope of any of the IP or that any of the IP is or will be valid or subsisting or (in the case of an application) will proceed to grant; or
- (iii) that the use of any of the IP or Know-how, the manufacture, sale or use of the Licensed Products or the exercise of any of the rights granted under this Agreement will not infringe any other intellectual property or other rights of any other person<sup>liii</sup>; or
- (iv) that the Know-how or any other information communicated by the RPO to the Licensee under or in connection with this Agreement will produce Licensed Products of satisfactory quality or fit for the purpose for which the Licensee intended or that any product will not have any latent or other defects, whether or not discoverable; or
- (v) as imposing any obligation on the RPO to bring or prosecute actions or proceedings against third parties for infringement or to defend any action or proceedings for revocation of any of the IP; or
- (vi) as imposing any liability on the RPO in the event that any third party supplies Licensed Products to customers located in the Territory.

8.4 *Indemnity*<sup>liv</sup>. The Licensee shall indemnify the RPO against all third party Claims that may be asserted against or suffered by the RPO and which relate to:

- (a) the use by the Licensee or any of its Affiliates or sub-licensees of any of the IP or Know-how;
- (b) the development, manufacture, use, marketing or sale of, or any other dealing in, any of the Licensed Products, by the Licensee or any of its Affiliates or sub-licensees, or subsequently by any customer or any other person, including claims based on product liability laws; or
- (c) a breach by the Licensee of any laws or regulations in the Territory, including any Bribery Event.

8.5 *Conditions for indemnity*. If the RPO seeks indemnification pursuant to Clause 8.4, the RPO shall provide prompt written notice to the Licensee of the initiation of any action or proceeding that may reasonably lead to a claim for indemnification. Upon receipt of such notice, the Licensee shall have the right to assume the defence and settlement of such action or proceeding, provided that it shall not settle any action or proceeding without the RPO's prior written consent. The RPO and the Licensee shall co-operate with each other in the defence of such claim.

8.6 *Liability of Parties*.

- (a) To the extent that either of the Parties has any liability in contract, tort (including negligence), or otherwise under or in connection with this Agreement, including any liability for breach of warranty, their liability shall be limited in accordance with the following provisions of this Clause 8.6. However, the limitations and exclusions of liability set out in this Clause 8.6 shall not apply to any indemnity given under Clause 8.4.
- (b) The aggregate liability of the RPO shall be limited to an amount equal to the total income that the RPO has received from the Licensee (less any expenses that the RPO has incurred in obtaining, maintaining or defending the IP) during the period of [●] years preceding the date on which the liability arises, or [●], whichever is the higher.
- (c) In no circumstances shall either Party be liable for any loss, damage, costs or expenses of any nature whatsoever incurred or suffered by the other Party or its Affiliates that is (i) of an indirect, special or consequential nature; or (ii) any loss of profits, revenue, business opportunity or goodwill.

- (d) Nothing in this Agreement excludes any person's liability to the extent that it may not be so excluded under applicable law, including any such liability for death or personal injury caused by that person's negligence, or liability for fraud.

8.7 *Insurance.* Without limiting its liabilities under this Agreement, the Licensee shall take out with a reputable insurance company and maintain at all times during the term of this Agreement public and product liability insurance including against all loss of and damage to property (whether real, personal or intellectual) and injury to persons including death arising out of or in connection with this Agreement and the Licensee's and its Affiliates' and sub-licensees' use of the IP or Know-how and use, sale of or any other dealing in any of the Licensed Products. Such insurances may be limited in respect of one claim provided that such limit must be at least six million five hundred thousand Euro (€6.5 million). Product liability insurance shall continue to be maintained by the Licensee for a further six (6) years from the end of the term of this Agreement.

## 9. Duration and termination

9.1 *Commencement and termination by expiry.* This Agreement, and the licences granted hereunder, shall come into effect on the Commencement Date and, unless terminated earlier in accordance with this Clause 9, shall continue in force until the later of:

- (a) the date on which all the IP have expired or been revoked without a right of further appeal; or
- (b) the tenth (10<sup>th</sup>) anniversary<sup>lv</sup> of the first commercial sale of a Licensed Product in the Territory<sup>lvi</sup>,

and on such date this Agreement, and the licences granted hereunder, shall terminate automatically by expiry.

9.2 *Early termination.*

- (a) The Licensee may terminate this Agreement at any time on [twelve (12) months'] notice in writing to the RPO.
- (b) Either Party may terminate this Agreement at any time by notice in writing to the other Party (the "**Other Party**"), such termination to take effect as specified in the notice:
  - (i) if the Other Party is in material breach of this Agreement and, in the case of a breach capable of remedy within ninety (90) days, the breach is not remedied within ninety (90) days of the Other Party receiving notice specifying the breach and requiring its remedy; or
  - (ii) if: (A) the Other Party becomes insolvent or unable to pay its debts as and when they become due; (B) an order is made or a resolution is passed for the winding up of the Other Party (other than voluntarily for the purpose of solvent amalgamation or reconstruction); (C) a liquidator, examiner, receiver, receiver manager or trustee is appointed in respect of the whole or any part of the Other Party's assets or business; (D) the Other Party makes any composition with its creditors; (E) the Other Party ceases to continue its business; or (F) as a result of debt and/or maladministration the Other Party takes or suffers any similar or analogous action.
- (c) The RPO may terminate this Agreement by giving written notice to the Licensee, such termination to take effect forthwith or as otherwise stated in the notice:
  - (i) if the Licensee fails to pay any amount due under this Agreement by the relevant due date; or
  - (ii) in accordance with the provisions of Clause 6.5; or
  - (iii) [if there is any change of Control of the Licensee<sup>lvii</sup>; or]

- (iv) if a Bribery Event occurs in relation to the Licensee, any of its Affiliates or their respective officers, directors, employees and representatives.
- (d) A Party's right of termination under this Agreement, and the exercise of any such right, shall be without prejudice to any other right or remedy (including any right to claim damages) that such Party may have in the event of a breach of contract or other default by the other Party.

### 9.3 Consequences of termination.

- (a) Upon termination of this Agreement for any reason otherwise than in accordance with Clause 9.1:
  - (i) the Licensee and its sub-licensees shall be entitled to sell, use or otherwise dispose of [(subject to payment of royalties under Clause 5)] any unsold or unused stocks of the Licensed Products for a period of six (6) months following the date of termination;
  - (ii) the Licensee shall no longer be licensed to use or otherwise exploit in any way, either directly or indirectly, the IP, in so far and for as long as any of the IP remains in force, or the Know-how;
  - (iii) the Licensee shall consent to the cancellation of any formal licence granted to it, or of any registration of it in any register, in relation to any of the IP;
  - (iv) each Party shall return to the other or, at the other Party's request, destroy any documents or other materials that are in its or its Affiliates' or sub-licensees' possession or under its or its Affiliates' or sub-licensees' control and that contain the other Party's Confidential Information; and
  - (v) subject as provided in this Clause 9.3, and except in respect of any accrued rights, neither Party shall be under any further obligation to the other.
- (b) Upon termination of this Agreement for any reason otherwise than in accordance with Clause 9.1 and at the RPO's request, the Parties shall negotiate in good faith the terms of an agreement between them on reasonable commercial terms under which the Licensee would:
  - (i) transfer to the RPO or its nominee exclusively all results and data relating to the development of Licensed Products;
  - (ii) to the extent possible, seek to have any product licences, pricing approvals and other permits and applications transferred into the name of the RPO or its nominee;
  - (iii) grant the RPO or its nominee an exclusive, worldwide licence, with the rights to grant sub-licences, under any improvements and other intellectual property owned or controlled by the Licensee relating to the Licensed Products; and
  - (iv) grant the RPO or its nominee the right to continue to use any product name that had been applied to the Licensed Products prior to termination of this Agreement.
- (c) If the Parties are unable to agree the terms of an agreement as described in Clause 9.3(b) within ninety (90) days of the RPO requesting the negotiation of such an agreement, either Party may refer the terms for settlement by an independent expert who shall be appointed in accordance with the provisions of Schedule 2 and whose decision shall be final and binding on the Parties. At the request of the RPO, the Parties shall promptly execute an agreement on the terms agreed between them or settled by the expert.
- (d) Upon termination of this Agreement for any reason the provisions of Clauses [3, 5 (in respect of sales and other supplies made, and sub-licensing income generated, prior to termination or under clause 9.3(a)(i)), 8.4, 8.5, 8.6, 8.7, 9.3 and 10]<sup>viii</sup> shall remain in force.

## 10. General<sup>lix</sup>

- 10.1 *Force majeure.* Neither Party shall have any liability or be deemed to be in breach of this Agreement for any delays or failures in performance of this Agreement that result from circumstances beyond the reasonable control of that Party, including labour disputes involving that Party<sup>lx</sup>. The Party affected by such circumstances shall promptly notify the other Party in writing when such circumstances cause a delay or failure in performance and when they cease to do so.
- 10.2 *Amendment.* This Agreement may only be amended in writing signed by duly authorised representatives of the RPO and the Licensee.
- 10.3 *Assignment.*
- (a) Subject to Clause 10.3(b), neither Party shall assign, mortgage, charge or otherwise transfer any rights or obligations under this Agreement, nor any of the IP or rights under the IP, without the prior written consent of the other Party.
  - (b) Either Party may assign all its rights and obligations under this Agreement together with its rights in the IP to any company to which it transfers all or substantially all of its assets or business, provided that the assignee undertakes to the other Party to be bound by and perform the obligations of the assignor under this Agreement. However a Party shall not have such a right to assign this Agreement if it is insolvent or any other circumstance described in Clause 9.2(b)(ii) applies to it<sup>lxi</sup>.
- 10.4 *Waiver.* No failure or delay on the part of either Party to exercise any right or remedy under this Agreement shall be construed or operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude the further exercise of such right or remedy.
- 10.5 *Invalid clauses.* If any provision or part of this Agreement is held to be invalid, amendments to this Agreement may be made by the addition or deletion of wording as appropriate to remove the invalid part or provision but otherwise retain the provision and the other provisions of this Agreement to the maximum extent permissible under applicable law.
- 10.6 *No agency.* Neither Party shall act or describe itself as the agent of the other, nor shall it make or represent that it has authority to make any commitments on the other's behalf.
- 10.7 *Interpretation.* In this Agreement:
- (a) the headings are used for convenience only and shall not affect its interpretation;
  - (b) references to persons shall include incorporated and unincorporated persons; references to the singular include the plural and vice versa; and references to the masculine include the feminine;
  - (c) references to Clauses and Schedules mean clauses of, and schedules to, this Agreement;
  - (d) references in this Agreement to termination shall include termination by expiry; and
  - (e) where the word "including" is used it shall be understood as meaning "including without limitation".
- 10.8 *Notices.*
- (a) Any notice to be given under this Agreement shall be in writing and shall be sent by post, or by fax (confirmed by post) to the address of the relevant Party set out at the head of this Agreement, or to the relevant fax number set out below, or such other address or fax number as that Party may from time to time notify to the other Party in accordance with this Clause 10.8. The fax numbers of the Parties are as follows<sup>lxii</sup>: the RPO – [●]; the Licensee – [●].

- (b) Notices sent as above shall be deemed to have been received three (3) working days after the day of posting, or seven (7) working days after the date of posting or on the next working day after transmission (in the case of fax messages, but only if a transmission report is generated by the sender's fax machine recording a message from the recipient's fax machine, confirming that the fax was sent to the number indicated above and confirming that all pages were successfully transmitted).

10.9 Law and jurisdiction.

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Republic of Ireland and each Party agrees to submit to the exclusive jurisdiction of the courts of the Republic of Ireland.
- (b) Notwithstanding Clause 10.9(a), before commencing any litigation, each Party shall consider in good faith whether it would be reasonable in the circumstances for the Parties to agree to pursue any alternative dispute resolution processes. Such alternative dispute resolution processes may include internal escalation procedures and/or mediation in accordance with the WIPO mediation rules. For the avoidance of doubt, however, nothing in this Agreement shall prevent or delay a Party from seeking an interim injunction.

10.10 Further action. Each Party agrees to execute, acknowledge and deliver such further instruments, and do all further similar acts, as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

10.11 Announcements. Neither Party shall make any press or other public announcement concerning any aspect of this Agreement, or make any use of the name of the other Party in connection with or in consequence of this Agreement, without the prior written consent of the other Party.

10.12 Entire agreement. This Agreement, including its Schedules, sets out the entire agreement between the Parties relating to its subject matter and supersedes all prior oral or written agreements, arrangements or understandings between them relating to such subject matter. Subject to Clause 8.6(d), the Parties acknowledge that they are not relying on any representation, agreement, term or condition which is not set out in this Agreement.

10.13 Export Control Regulations.

- (a) "**Export Control Regulations**" mean any United Nations trade sanctions, Irish or EU legislation or regulation, from time to time in force, which impose arms embargoes or control the export of goods, technology or software, including weapons of mass destruction and arms, military, paramilitary and security equipment and dual-use items (items designed for civil use but which can be used for military purposes) and certain drugs and chemicals.
- (b) The Licensee shall ensure that, exercising its rights pursuant to this Agreement in using the IP or Know-how and in selling Licensed Products, it shall not and nor shall its or its Affiliates' employees or sub-contractors breach or compromise, directly or indirectly, compliance with any Export Control Regulations.

**Agreed by the Parties through their authorised signatories:**

For and on behalf of  
[Full legal name of the RPO]

For and on behalf of  
[Full legal name of the Licensee]

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



## Schedule 1

### ***Part A: The IP***

[List all IP and any registrations and applications]

### ***Part B: The Know-how***

[Describe all Know-how and list any key documents]

## Schedule 2

### *Appointment of expert*

1. Pursuant to Clause 5.6 or Clause 6.3, the RPO may serve notice on the Licensee ("**Referral Notice**") that it wishes to refer to an expert (the "**Expert**") the questions set out in Clause 5.6 or 6.3.
2. The Parties shall agree the identity of a single independent, impartial expert to determine such questions. In the absence of such agreement within thirty (30) days of the Referral Notice, the questions shall be referred to an expert appointed by the President of Law Society of Ireland.
3. Sixty (60) days after the giving of a Referral Notice, both parties shall exchange simultaneously statements of case in no more than ten thousand (10,000) words, in total, and each side shall simultaneously send a copy of its statement of case to the Expert.
4. Each Party may, within thirty (30) days of the date of exchange of statement of case pursuant to paragraph 3 above, serve a reply to the other side's statement of case of not more than ten thousand (10,000) words. A copy of any such reply shall be simultaneously sent to the Expert.
5. The Expert shall make his decision on the said questions on the basis of written statements and supporting documentation only and there shall be no oral hearing. The Expert shall issue his decision in writing within thirty (30) days of the date of service of the last reply pursuant to paragraph 4 above or, in the absence of receipt of any replies, within sixty (60) days of the date of exchange pursuant to paragraph 3 above.
6. The Expert's decision shall be final and binding on the Parties.
7. The Expert's charges shall be borne equally by the Parties.

## Drafting Notes:

<sup>i</sup> This Model Agreement is a detailed exclusive IP and know-how licence agreement, with an emphasis on the IP comprising patents and patent applications. If other types of IP are to be licensed (e.g. copyright, designs, etc.) in addition, extra provisions could be added to this template in order to address any specific issues they raise (e.g. whether the licensee is permitted to reverse engineer in the case of software). This Model Agreement should be read in conjunction with the accompanying Practical Guide entitled "Practical Guide to Licence Agreements".

This Model Agreement includes optional and alternative provisions that may be selected or discarded as appropriate. For example, the financial terms in this agreement include upfront fees, annual licence fees, milestone payments, minimum royalties, and royalties on both net sales and net receipts. Some but not all of these provisions will typically be encountered in any one agreement of this type.

One of the assumptions that was made when this Model Agreement was put together was that the RPO is the owner of the IP and know-how to be licensed. Before concluding any licensing deal, the RPO should undertake due diligence to ascertain whether or not this is the case and therefore whether this document is a suitable starting point for the deal in question.

<sup>ii</sup> Users of this Model Agreement should note that the authors have not drafted it to take account of the individual requirements of Irish RPOs which might apply. Users are advised to seek out and address by additional provisions, any peculiarities or requirements of a relevant RPO.

<sup>iii</sup> Users of this Model Agreement are advised that the authors have not drafted it to be used by or in relation to consumers. Contracts concluded with consumers are obliged to include an additional layer of legal protections, to be written in plain-spoken language and to contain other features imposed by consumer-specific laws which are not dealt with in this template.

<sup>iv</sup> Users of this Model Agreement should be aware that, depending on the particular circumstances of the arrangements, the law relating to "state aid" might need to be considered (e.g. if the industrial party to the licence agreement does not pay market value for the benefits it receives). This is a complex area and there is no 'one-size-fits-all' way of dealing with it. Accordingly, the user should seek specialist advice when required.

<sup>v</sup> This should be the date on which the last party signs, and should be inserted by the last signatory, on that date.

<sup>vi</sup> Insert the full name of the RPO, the statute or charter under which it was incorporated or established, and its principal/registered address. Individual RPOs will have their own legal formalities which will need to be completed to bind the RPO.

<sup>vii</sup> Insert the full name of the company (or other entity), its incorporation number, and its principal/registered address. This Model Agreement has been designed for use with a commercial licensee.

<sup>viii</sup> Insert a general description of to what the intellectual property rights to be licensed under this agreement relate.

<sup>ix</sup> Users should note that a new piece of legislation relevant to this definition is anticipated – i.e. the Criminal Justice (Corruption) Bill (to be the Criminal Justice (Corruption) Act on implementation). At the time of writing, there is no definite timescale for bringing the Criminal Justice (Corruption) Bill into effect, although it is expected to come into effect in late 2015 but this is not guaranteed. The expected citation is the Criminal Justice (Corruption) Act 2015 and it is expected to replace the Prevention of Corruption Acts 1889 to 2010. Until such time as the Criminal Justice (Corruption) Bill is brought into effect, however, the present citation should be used in this definition.

<sup>x</sup> Insert the date on which this agreement (including the licence) is to commence. This can be a date before, on or after the date on which the licence agreement is signed if appropriate.

<sup>xi</sup> The inclusion of this definition assumes that the licence will be limited to a particular technical field. Technical definitions such as those for the 'Field', 'IP', 'Know-how', 'Licensed Products', etc. may require input from scientific colleagues to ensure that they are clear, accurate, and unambiguous, and do not overlap with any other licences that may have been granted by the RPO to the same technology.

<sup>xii</sup> This definition has been drafted very broadly in light of the complex deal structures that a licensee might agree with a sub-licensee (e.g. a mixture of investment, R&D funding, share swaps, etc.) and the possibility of such consideration being weighted so as to reduce sub-licence fees and royalties. It may be appropriate in some transactions to delete some of the examples given.

<sup>xiii</sup> This definition provides for a mechanism to determine the Net Sales Value of the Licensed Products and thereby the amount of royalty due to the RPO.

<sup>xiv</sup> The RPO may include a cap on such deductions (e.g. a percentage of the sales price) or negotiate a fixed-percentage deduction on all sales to avoid the need to calculate the deductions on each occasion.

<sup>xv</sup> Insert the full name and title of the principal investigator (i.e. the lead researcher who developed the IP and Know-how to be licensed under this agreement).

<sup>xvi</sup> Insert the countries in which the Licensee can manufacture and/or sell/supply the Licensed Products. General definitions such as "Europe" should be avoided – for example, it is not clear whether Europe includes Turkey, Russia, etc. In some situations a list of countries may be appropriate. For western Europe, a definition such as members of the EU or EFTA (European Free Trade

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Association) may be suitable – the latter grouping includes Switzerland and Norway which are not members of the EU. Also consider whether the definition should be frozen, i.e. members of the EU at the date of the agreement and not future members.

<sup>xvii</sup> Where this Model Agreement is adapted to be used to govern the performance of obligations in a jurisdiction outside of the Republic of Ireland, users should note that their ability to enforce the rights and obligations set out here may be subject to the law of that jurisdiction and that local legal advice may need to be sought. Particular issues which may need to be considered include: exclusivity of licence in relation to the IP and know-how (including territorial restrictions); local restrictions on the export or import of IP and know-how; and local distribution or manufacturing laws which may impact on the parties' ability to perform their obligations under these terms.

<sup>xviii</sup> This grants an exclusive licence to the IP. This means that, in the Territory, nobody but the Licensee has any rights to the IP (except for the rights specifically reserved for the RPO under clause 2.4). In some cases it may be appropriate to have a mixture of exclusive and non-exclusive IP licences. For example, if there is one exclusive licensee in Europe and another in North America, each may require access to the other party's territory to enable them to conduct clinical trials.

<sup>xix</sup> A non-exclusive know-how licence may be appropriate, for example, if the know-how is useful in relation to a wider category of technology or products than the IP or Licensed Products.

<sup>xx</sup> This clause is optional. In some countries, it may be necessary to formally register IP licences with intellectual property offices using a particular form of words in the licence. This clause seeks to address the question of conflicts between the wording of the required formal licence and the wording of this agreement.

<sup>xxi</sup> There may be circumstances where it is necessary for the RPO to have access to the sites of development and/or manufacture. However, this is unlikely to be a requirement for the RPO in many cases.

<sup>xxii</sup> Payment terms vary considerably from licence agreement to licence agreement. For completeness, this payments clause is detailed and includes provisions to deal with the most common variants of payment terms. For example, the financial terms in this payments clause include upfront fees, annual licence fees, milestone payments, minimum royalties, and royalties on both net sales and net receipts. However, it is likely that in many licence agreements some of these variants will be removed, which will simplify this clause and explains why the majority of provisions in this clause are in square brackets. If any complex payment terms are to be included, the user should consider including a practical example of how the payments should be calculated in order to avoid any uncertainty as to the intention of the clause.

Sometimes users may also find that the licence agreement forms part of a larger transaction that also involves other agreements (such as a shareholders' agreement) being entered into by the RPO at the same time. This is perhaps most likely to be the case when the RPO is setting up a spin-out company and is entering into a package of documentation for that purpose. In these cases, there may be a link between the grant of the licence and an issue of shares to the PRO. However, the user may find that the terms of the issue of shares are documented in a separate agreement (i.e. a shareholders' agreement). Accordingly, the user may want to consider whether or not it is appropriate in these circumstances to make reference to this issue of shares in the payments clause of this licence agreement – i.e. to make clear that the issue of shares under the shareholders' agreement forms part of the consideration for the grant of the licence under this licence agreement. If the user concludes that this is appropriate, the user must also take particular care regarding the timing of the execution of the two agreements. This is because, under Irish law, past consideration is not regarded as valid consideration. For further information about consideration, the user should consult the Practical Guide entitled "Practical Guide to Legal Issues in Contracts with RPOs".

<sup>xxiii</sup> Users of this Model Agreement are advised that it has not been prepared with regard to any tax law, treatment or policy and that it may be advisable to get specific tax advice in relation to any tax issue or treatment which might arise as a result of performing or implementing this agreement. Tax treatment will depend in part on the parties' circumstances at the time the agreement is made and thereafter.

<sup>xxiv</sup> Whilst it is a point for commercial negotiation in each case, generally, up-front payments in technology licence agreements are usually not offset against royalties.

<sup>xxv</sup> This clause sets out the amount to be paid to the RPO for entering into the licence agreement. This amount will need to be assessed on the likelihood of Licensed Products being sold and royalties being paid.

<sup>xxvi</sup> In the pharmaceutical sector, examples of typical milestone events include applications for regulatory approval, starting or completing phase I, II, or III clinical trials, etc.. It is important to have clear and unambiguous definitions of the milestone events. For example, "successful completion of phase I trials" leaves open the question of what constitutes success, and some licensees have argued that it means the point at which the licensee takes the decision to commence phase II trials. Input may therefore be required from scientific (and if appropriate regulatory) colleagues when drafting clauses such as this.

<sup>xxvii</sup> This clause sets out the percentage of the Net Sales Value of the Licensed Products to be paid to the RPO as royalty on a quarterly basis. To be negotiated.

<sup>xxviii</sup> The wording of this clause will depend in part on the commercial deal structure. For example, if Licensed Products can be leased rather than sold, it may be appropriate to charge a royalty on the hire fee. Similarly, if the Licensee provides services using Licensed Products, royalties may be appropriate on the fees charged for such services. This clause will need to be adapted as appropriate.

<sup>xxix</sup> This clause is optional. If Net Receipts are not to be included, then delete this clause and the definition of Net Receipts.

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<sup>xxx</sup> This can be a fixed fee that is paid annually to maintain the licence. Depending on the deal, this may be omitted or be included in minimum royalties.

<sup>xxxi</sup> This clause is optional.

<sup>xxxii</sup> This provides a mechanism for calculating the Net Sales Value when the Licensed Product is incorporated into another product. Where the Combination Product is already known, it may be more appropriate to agree the Net Sales Value as a percentage of the net sales value of the Combination Product.

<sup>xxxiii</sup> This provides a minimum annual royalty to be paid to the RPO and is a good incentive for the Licensee to diligently promote sales of the Licensed Product. This value needs to be considered carefully so as to incentivise the Licensee based on realistic market conditions. It may need to be varied at different times during the term of the licence agreement.

<sup>xxxiv</sup> This is an optional (pro-licensee) clause. When clauses such as this are included in licence agreement, different commercial solutions are seen on this issue. For example, if a very low royalty is being paid to the licensor, the licensor might argue that the royalties should not be reduced further. Where the parties have no better solution to propose, or do not feel it is worth spending time debating the issue, a solution that is quite often seen is to allow 50% of the third-party royalties to be deducted from royalties paid to the licensor, subject to a floor whereby the licensor's royalties are never reduced by more than 50% of the amount they would have been in the absence of the clause.

<sup>xxxv</sup> Please note that this clause is in square brackets, as if the deal does not involve royalty based payments, it should be deleted.

<sup>xxxvi</sup> Insert the RPO's bank and bank account details.

<sup>xxxvii</sup> Insert a suitable reference rate.

<sup>xxxviii</sup> Please note that this clause is in square brackets, as if the deal does not involve royalty based payments, it should be deleted.

<sup>xxxix</sup> Please note that this clause is in square brackets, as if the deal does not involve royalty based payments, it should be deleted.

<sup>xl</sup> Sometimes parties also include in this clause obligations on the licensee to achieve specific milestone events by defined dates, instead of or as well as general reporting and diligence obligations to develop and commercialise Licensed Products.

<sup>xli</sup> If the RPO is reasonably of the view that the Licensee is not using Diligent and Reasonable Efforts to develop and commercially exploit Licensed Products, then the RPO may refer the questions in Clause 6.4 to an independent expert. This mechanism is designed to provide a relatively inexpensive, quick, unaggressive but authoritative means of determining whether a licensee has been diligent in exploiting Licensed Products. Experts, as distinct from arbitrators, are usually chosen to decide technical questions that do not require a full judicial process. In general, an expert's decision is not made subject to appeal to the courts. The notion is that the expert supplements the agreement between the parties.

A possible alternative to referral to an expert is referral to arbitration using an 'expedited procedure'. For example, the American Arbitration Association model rules for arbitration anticipate that an expedited procedure may be used in certain situations. The advantage of using a procedure such as referral to an expert or expedited arbitration may be that costs and delays are reduced. But of course 'quick and dirty' procedures do not always give the best result. These ideas are being put forward for consideration, and not as a perfect solution in all cases.

<sup>xlii</sup> The terms of this clause have been designed to be suitable as a starting point for discussion where an exclusive licence is being granted. If a non-exclusive licence is being granted, the RPO may wish to include different terms here. For example, in clause 7.1, giving rights to the Licensee to manage any patents that form part of the IP and, in clause 7.2, giving rights to the Licensee to sue infringers, are things that the RPO will want to consider carefully in any licence agreement and is unlikely to want to include in a non-exclusive licence agreement.

<sup>xliii</sup> This clause is in square brackets as it assumes that patents and/or patent applications form part of the IP. If there are none, it should be deleted.

<sup>xliiv</sup> Licence agreements vary on whether the licensor or the licensee should manage patent filings, and the clause included in this template may be more appropriate where the licensee is licensed in all fields and all territories. If the licence is more limited, however, the RPO may wish to retain control of the patenting process and recover some or all of the costs from the licensee instead.

<sup>xliv</sup> The RPO and the Licensee will need to discuss what actions to take to deal with infringement of the IP.

<sup>xlvi</sup> It is obviously a commercial question as to which party can or must take action. It is therefore best to address these issues in the licence agreement.

<sup>xlvii</sup> This issue can lead to heated debate in licence negotiations. From a licensor's perspective, if the licensee is awarded damages by a court (or settles before the case reaches court), those damages are intended to compensate the licensee for its revenue lost because a third party, rather than the licensee, has sold the products covered by the IP (or at least this is one of the theories behind damages). If the licensee had generated that revenue from the sale of licensed products or from sub-licensing, the licensor would have been entitled to a share of the revenue (i.e. if a royalty is payable on net sales or on net receipts). Therefore the licensor should also be entitled to a share of the damages. Some licensees argue that the licensor should contribute to the costs

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of the litigation against the infringer, and receive a corresponding share of the damages (e.g. if it pays 50% of the litigation costs, it gets 50% of the damages). Sometimes one view or the other wins on this issue. Occasionally, a compromise is accepted, e.g. a royalty is paid at the lower rate applicable to net sales rather than the (usually) higher rate applicable to net receipts.

<sup>xlviii</sup> In some jurisdictions, the licensee may not have the necessary legal standing to sue infringers in its own name, and may need to make the RPO, as IP owner, a party to the proceedings.

<sup>xlix</sup> The parties must notify each other promptly if there is any infringement of third party intellectual property rights. Some licensees seek an indemnity from the licensor against claims of infringement by third parties. However, most licensors (particularly academic licensors) generally would not be willing to give such an indemnity. Usually, a licensee is willing to accept amendments to the fee structure to deal with this.

<sup>l</sup> This is an example of some fairly light touch warranties – focussed on the IP – that the RPO may consider giving, if required. However, although relatively light touch, the RPO should not give the warranties without carrying out the necessary due diligence.

<sup>ii</sup> This warranty is only appropriate if granting an exclusive licence to the IP.

<sup>iii</sup> Although wording of this kind will generally be considered useful, it cannot be guaranteed to exclude terms implied by law. As to which terms will be implied by law, the answer will depend on which country's laws govern the contract. For example, under Irish law, very few terms are generally implied into an intellectual property licence agreement (other than certain rights which may be implied in relation to software, e.g. under the Sale of Goods and Supply of Services Act 1980). Under some continental European countries' laws, more terms may be implied, e.g. as to the validity of the licensed IP, suing infringers, providing improvements and assistance to the licensee, etc..

<sup>iiii</sup> The RPO is not guaranteeing that use of the IP or the Know-how, or the manufacture/sale/use of any Licensed Products, will not infringe a third party's intellectual property rights.

<sup>liv</sup> An important issue with any indemnity is whether it applies only to third-party claims or also to inter-party claims. Generally, indemnities are more suited to third-party claims and liabilities, and that they are often not needed for inter-party claims (e.g. for breach of warranty), where they are usually intended to strengthen the indemnified party's position beyond that which it would have under the general law of contract. This topic raises complex legal issues (which may vary between jurisdictions) on which specialist advice should be sought.

<sup>lv</sup> The period can be negotiated based on the remaining term of the IP. Note that Know-how may remain confidential for a longer period.

<sup>lvi</sup> The user could consider adding an obligation on the Licensee to notify the RPO of the date on which it makes the first commercial sale of a Licence Product, so that the RPO can keep track of this anniversary date.

<sup>lvii</sup> The Licensee may be reluctant to accept this provision, particularly if it operates in an industry where mergers and acquisitions, joint ventures, etc. are common, and the Licensee may therefore wish to avoid prejudicing its ability to pursue corporate transactions of this kind. For some companies, their licence agreements represent their major assets. Any acquirer undertaking due diligence on the Licensee will wish to satisfy itself that those assets will have value following the acquisition. A change-of-control clause could amount to a 'poison pill' that removes such value following the acquisition. A possible compromise that is sometimes seen is to limit this right of termination to defined companies, e.g. major competitors. Similar considerations apply to the clause concerning rights of assignment, below.

<sup>lviii</sup> The list of clauses set out in this sub-clause will require careful checking as the rounds of drafting progress.

<sup>lix</sup> Parties may wish to seek advice whether the licence agreement raises any competition law issues, e.g. under Article 101(1) of the Treaty on the Functioning of the European Union (TFEU), Section 4(1) of the Competition Act 2002 (as amended), or the Technology Transfer Block Exemption Regulation (TTBER). For further information, the reader should see the section which provides further detail in the accompanying Practical Guide.

<sup>lx</sup> Some agreements include a long list of force majeure events. If there are particular issues that might be relevant in the Licensee's territory, e.g. civil war, it may be worth including specific mention of these.

<sup>lxi</sup> This sentence seeks to avoid assignments by a liquidator.

<sup>lxii</sup> Complete with title and address of the office bearer for each party to whom notices about the licence agreement should be sent.

## Model Non-Exclusive Licence Agreement including drafting points

Dated \_\_\_\_\_ 20[●]

(1) [*Full legal name of the RPO*]

and

(2) [*Full legal name of the Licensee*]

## MODEL NON-EXCLUSIVE LICENCE AGREEMENT

## MODEL NON-EXCLUSIVE LICENCE AGREEMENT<sup>i ii iii iv</sup>

This Agreement dated \_\_\_\_\_ 20[●]<sup>v</sup> is between:

- (1) [●] (the “RPO”), [an academic institution incorporated or established under [statute or charter in Ireland,]] whose [principal address or registered office] is at [●]<sup>vi</sup>; and
- (2) [●] [LIMITED][INC.] (the “Licensee”), [a company incorporated in [●] under registration number [●],] whose [principal place of business or registered address] is at [●]<sup>vii</sup>.

### Background:

- A. The RPO owns certain IP relating to [●]<sup>viii</sup>.
- B. The Licensee wishes to acquire rights under such IP in accordance with the provisions of this Agreement.

### The Parties agree as follows:

#### 1. Definitions

1.1 *Definitions.* In this Agreement, the following words shall have the following meanings:

<b>Affiliate</b>	In relation to a Party, means any entity or person that Controls, is Controlled by, or is under common Control with that Party.
<b>Claims</b>	All demands, claims and liability (whether criminal or civil, in contract, tort (including negligence) or otherwise) for losses, damages, legal costs and other expenses of any nature whatsoever and all costs and expenses (including without limitation legal costs) incurred in connection therewith.
<b>Commencement Date</b>	[●] <sup>ix</sup> .
<b>Confidential Information</b>	<ol style="list-style-type: none"> <li>(a) The IP; and</li> <li>(b) All other technical or commercial information that: <ol style="list-style-type: none"> <li>(i) in respect of information provided in documentary form or by way of a model or in other tangible form, at the time of provision is marked or otherwise designated to show expressly or by necessary implication that it is imparted in confidence; and</li> <li>(ii) in respect of information that is imparted orally, any information that the Disclosing Party or its representatives informed the Receiving Party at the time of disclosure was imparted in confidence; and</li> <li>(iii) any copy of any of the foregoing.</li> </ol> </li> </ol>
<b>Control</b>	Direct or indirect beneficial ownership of 50% (or, outside a Party’s home territory, such lesser percentage as is the maximum, permitted level of foreign investment) or more of the share capital, stock or other participating interest carrying the right to vote or to distribution of profits of that Party, as the case may be.
<b>Disclosing Party</b>	Has the meaning given in Clause 3.
<b>Field</b>	The area of [●] <sup>x</sup> .
<b>IP</b>	The intellectual property referred to in the Schedule <sup>xi</sup> .

<b>Licensed Products</b>	[Any and all products that are manufactured, sold or otherwise supplied by the Licensee or its Affiliate(s) or sub-licensee(s) (if any) and which incorporate or make use of any of the IP.]
<b>[Net Receipts<sup>xii</sup>]</b>	[The amount of any payment (excluding value added tax), and the value of any non-monetary receipt, obtained by, or due to, the Licensee or its Affiliate(s), in relation to the development or sub-licensing (including the grant of any option over a sub-licence) of any of the IP, and including any of the following: (a) up-front, milestone (whether at the stage of development, marketing or otherwise), success, bonus, maintenance and periodic (including annual) payments and royalty payments due under any sub-licence agreement; (b) payments in respect of the funding of research or development activities related to any Licensed Product, to the extent that such payments exceed a reasonable level of payment for such activities; (c) where any sub-licence is to be granted under cross-licensing arrangements, the value of any third party licence obtained under such arrangements; (d) any premium paid over the fair market value of shares, options or other securities in respect of any of the share capital of the Licensee or its Affiliate(s) (such fair market value to be determined on the assumption that the RPO had not granted, nor agreed to grant, any rights to the Licensee in respect of any of the IP); (e) any loan, guarantee or other financial benefit made or given other than on normal market terms; and (f) any shares, options or other securities obtained from a third party.]
<b>[Net Sales Value<sup>xiii</sup>]</b>	[The invoiced price of Licensed Products sold or otherwise supplied by the Licensee or its Affiliate(s) to independent third parties in arm's length transactions exclusively for money or, where the sale or other supply is not at arm's length, the price that would have been so invoiced if it had been at arm's length, after deduction of all documented: (a) normal trade discounts actually granted and any credits actually given for rejected or returned Licensed Products; (b) costs of packaging, insurance, carriage and freight, provided in each case that the amounts are separately charged on the relevant invoice; (c) Value Added Tax or other sales tax; and (d) import duties or similar applicable government levies; provided that such deductions do not exceed reasonable and customary amounts in the markets in which such sales or other supplies occurred <sup>xiv</sup> . Sales and other supplies between any of the Licensee, its Affiliates and sub-licensees shall not be considered for the purposes of this definition unless there is no subsequent sale or other supply to a person who is not the Licensee, its Affiliate or sub-licensee.]
<b>Parties</b>	The RPO and the Licensee; and " <b>Party</b> " shall mean either of them.
<b>Receiving Party</b>	Has the meaning given in Clause 3.
<b>Territory</b>	[●] <sup>xv</sup> <sup>xvi</sup> .

## 2. Grant of rights

2.1 *Licence.* The RPO hereby grants to the Licensee, subject to the provisions of this Agreement, a non-transferable and non-exclusive licence to use the IP to develop, manufacture, have

manufactured, use and sell or otherwise supply, Licensed Products in the Field and in the Territory only.

2.2 *Sub-licensing.* The Licensee shall not be entitled to grant sub-licences of its rights under this Agreement, except with the prior written consent of the RPO, which consent shall not be unreasonably withheld.

2.3 *Reservation of rights.*

(a) Except for the licence expressly granted by Clause 2.1, the RPO reserves all its rights. Without limiting the scope of the preceding sentence, the RPO grants no rights to any intellectual property other than the IP and reserves all rights outside the Field.

(b) As the licence granted in Clause 2.1 is non-exclusive, the Licensee acknowledges and agrees that this Agreement places no restriction on the RPO's activities with respect to the IP. Without limiting the scope of the preceding sentence, the RPO reserves for itself and its Affiliates the irrevocable, worldwide, and royalty-free right to use the whole or any part of the IP for any and all purposes, whether commercial or non-commercial and whether in or out of the Field. For the avoidance of doubt, and without limitation, such purposes shall include the purposes of research, teaching and publication.

### 3. Confidentiality

3.1 *Confidentiality obligations.* Each Party (the "**Receiving Party**") undertakes:

(a) to maintain as secret and confidential all Confidential Information obtained directly or indirectly from the other Party (the "**Disclosing Party**") in the course of or in anticipation of this Agreement and to respect the Disclosing Party's rights therein;

(b) to use such Confidential Information only for the purposes of this Agreement; and

(c) to ensure that all those to whom disclosure of or access to such Confidential Information has been given, including its officers, directors, employees and professional advisers comply with the provisions of this Agreement, and the Receiving Party shall be liable to the Disclosing Party for any breach of this Agreement by any of the foregoing.

3.2 *Exceptions to obligations.* The provisions of Clause 3.1 shall not apply to Confidential Information which the Receiving Party can demonstrate by reasonable, written evidence:

(a) was, prior to its receipt by the Receiving Party from the Disclosing Party, in the possession of the Receiving Party and at its free disposal; or

(b) is subsequently disclosed to the Receiving Party without any obligations of confidence by a third party who has not derived it directly or indirectly from the Disclosing Party; or

(c) is independently developed by the Receiving Party by individuals who have not had any direct or indirect access to the Disclosing Party's Confidential Information; or

(d) is or becomes generally available to the public through no act or default of the Receiving Party or its agents, employees, Affiliates or sub-licensees.

3.3 *Disclosure in accordance with legal obligations.* To the extent that the Receiving Party is required to disclose any of the Disclosing Party's Confidential Information by order of a court or other public body that has jurisdiction over it or under other legal obligations, such as under a *bona fide* freedom of information request, it may do so, provided that, before making such a disclosure the Receiving Party shall, unless the circumstances prohibit:

(a) inform the Disclosing Party of the proposed disclosure as soon as possible, in any event, no later than five (5) working days after becoming aware of the proposed disclosure; and

- (b) permit the Disclosing Party to make representations (written or otherwise) in respect of the disclosure and/or confidential treatment of the Confidential Information.

#### 4. Additional Licensee obligations

- 4.1 *Compliance with applicable law.* The Licensee shall, in exercising its rights under this Agreement, comply with all applicable laws, regulations and other similar instruments in the Territory and shall at all times be solely liable and responsible for such due observance and performance.
- 4.2 *No diminishing of rights.* The Licensee shall not, nor directly or indirectly assist any other person to do or omit to do anything to diminish the rights of the RPO in the IP.
- 4.3 *Licensee restrictions.* The Licensee shall not use, and shall ensure that its Affiliates and sub-licensees do not use, the name, any adaptation of the name, any logo, trademark or other device of the RPO, in any advertising, promotional or sales materials without prior written consent obtained from the RPO in each case.

#### 5. Payments<sup>xvii xviii</sup>

- 5.1 *Initial payment<sup>xix</sup>.* Within thirty (30) days of the Commencement Date, the Licensee shall pay to the RPO the non-refundable, non-deductible lump-sum of [●] Euro (€[●]).
- 5.2 *[Royalties on Net Sales Value<sup>xx</sup>.* The Licensee shall pay to the RPO a royalty of [●] per cent ([●]%) of the Net Sales Value of all Licensed Products, or any part thereof, sold or otherwise supplied by Licensee or its Affiliates.]
- 5.3 *[Royalties on Net Receipts<sup>xxi</sup>.* The Licensee shall pay to the RPO a royalty of [●] per cent ([●]%) of Net Receipts. For the avoidance of doubt, the provisions of this Clause 5.3 and any references to sub-licensees in this Agreement are without prejudice to the provisions of Clause 2.2.]
- 5.4 *[Minimum royalties<sup>xxii</sup>.* If the royalties payable under Clause 5.2 and Clause 5.3 are less than [●] Euro (€[●]) ("**Minimum Royalty**") in any calendar year, the Licensee shall pay to the RPO the amount by which such royalties are less than the Minimum Royalty within sixty (60) days of the end of such calendar year, failing which the RPO shall be entitled to terminate this Agreement and the licence granted under this Agreement by notice in writing to the Licensee given at any time after the expiry of the said sixty (60) day period.]
- 5.5 *[Payment frequency<sup>xxiii</sup>.* Royalties due under this Agreement shall be paid within thirty (30) days of the end of each quarter ending on 31 March, 30 June, 30 September and 31 December, in respect of sales and other supplies of Licensed Products made and Net Receipts generated during such quarter and within thirty (30) days of the termination of this Agreement.]
- 5.6 *Payment terms.* All sums due under this Agreement:
- (a) are exclusive of value added tax which where applicable will be paid by the Licensee to the RPO in addition;
  - (b) shall be paid in Euro in cash by transferring an amount in aggregate to the following account<sup>xxiv</sup>: number [●], sort code [●], account name [●], held with [●] Bank plc, [address];
  - (c) shall be made without deduction of income tax or other taxes charges or duties that may be imposed, except insofar as the Licensee is required to deduct the same to comply with applicable laws. The Parties shall cooperate and take all steps reasonably and lawfully available to them, at the reasonable expense of the RPO, to avoid deducting such taxes and to obtain double taxation relief. If the Licensee is required to make any such deduction it shall provide the RPO with such certificates or other documents as it can reasonably obtain to enable the RPO to obtain appropriate relief from double taxation of the payment in question; and

(d) shall be made by the due date, failing which the RPO may charge interest on any outstanding amount on a daily basis at a rate equivalent to [●] per cent ([●]%) above the [●] Bank plc base lending rate then in force in Dublin<sup>xxv</sup>.

5.7 *Records.* The Licensee shall keep at its normal place of business detailed and up to date records and accounts sufficient to ascertain the payments due under this Agreement. The Licensee shall make such records and accounts available, on reasonable notice, for inspection during business hours by an [independent chartered accountant] nominated by the RPO.

## 6. Intellectual property

6.1 *Infringement of the IP<sup>xxvi</sup>.* Each Party shall inform the other Party promptly if it becomes aware of any infringement or potential infringement of any of the IP, and the Parties shall consult with each other to decide the best way to respond to such infringement.

6.2 *Infringement of third party rights.* If any warning letter or other notice of infringement is received by a Party, or legal suit or other action is brought against a Party, alleging infringement of third party rights in the manufacture, use or sale of any Licensed Product or use of any IP, that Party shall promptly provide full details to the other Party, and the Parties shall discuss the best way to respond.

## 7. Acknowledgements and liability

7.1 *Acknowledgements.*

(a) Each of the Licensee and the RPO acknowledges and agrees that, in entering into this Agreement, it does not do so in reliance on any representation, warranty or other provision except as expressly provided in this Agreement, and any conditions, warranties or other terms implied by statute or common law are excluded from this Agreement to the fullest extent permitted by law<sup>xxvii</sup>.

(b) Without limiting the scope of Clause 7.1(a), the RPO does not make any representation nor give any warranty or undertaking:

- (i) as to the efficacy or usefulness of the IP; or
- (ii) that the use of any of the IP, the manufacture, sale or use of the Licensed Products or the exercise of any of the rights granted under this Agreement will not infringe any other intellectual property or other rights of any other person<sup>xxviii</sup>.

7.2 *Indemnity<sup>xxix</sup>.* The Licensee shall indemnify the RPO against all third party Claims that may be asserted against or suffered by the RPO and which relate to:

- (a) the use by the Licensee or any of its Affiliates or sub-licensees of any of the IP; and/or
- (b) the development, manufacture, use, marketing or sale of, or any other dealing in, any of the Licensed Products, by the Licensee or any of its Affiliates or sub-licensees, or subsequently by any customer or any other person, including claims based on product liability laws.

7.3 *Conditions for indemnity.* If the RPO seeks indemnification pursuant to Clause 7.2, the RPO shall provide prompt written notice to the Licensee of the initiation of any action or proceeding that may reasonably lead to a claim for indemnification. Upon receipt of such notice, the Licensee shall have the right to assume the defence and settlement of such action or proceeding, provided that it shall not settle any action or proceeding without the RPO's prior written consent. The RPO and the Licensee shall co-operate with each other in the defence of such claim.

7.4 *Liability.*

(a) To the extent that the RPO has any liability in contract, tort (including negligence), or otherwise under or in connection with this Agreement, including any liability for breach of

warranty, its aggregate liability shall be limited to an amount equal to the total income that the RPO has received from the Licensee during the period of [●] years preceding the date on which the liability arises, or [●], whichever is the higher.

- (b) In no circumstances shall either Party be liable for any loss, damage, costs or expenses of any nature whatsoever incurred or suffered by the other Party or its Affiliates that is (i) of an indirect, special or consequential nature; or (ii) any loss of profits, revenue, business opportunity or goodwill.
- (c) Nothing in this Agreement excludes any person's liability to the extent that it may not be so excluded under applicable law, including any such liability for death or personal injury caused by that person's negligence, or liability for fraud.

7.5 *Insurance.* Without limiting its liabilities under this Agreement the Licensee shall take out with a reputable insurance company and maintain at all times during the term of this Agreement public and product liability insurance including against all loss of and damage to property (whether real, personal or intellectual) and injury to persons including death arising out of or in connection with this Agreement and the Licensee's and its Affiliates' and sub-licensees' use of the IP and use, sale of or any other dealing in any of the Licensed Products. Such insurances may be limited in respect of one claim provided that such limit must be at least six million five hundred thousand Euro (€6.5 million) and shall continue to be maintained by the Licensee for a further six (6) years from the end of the term of this Agreement.

## 8. Duration and termination

8.1 *Commencement and term.* This Agreement, and the licence granted hereunder, shall come into effect on the Commencement Date and, unless terminated earlier in accordance with this Clause 9, shall continue in force for a period of [ten (10)] years<sup>xxx</sup>.

8.2 *Termination.*

- (a) Either Party may terminate this Agreement at any time by notice in writing to the other Party (the "**Other Party**"), such termination to take effect as specified in the notice:
  - (i) at any time on [twelve (12)] months' notice in writing to the Other Party;
  - (ii) if the Other Party is in material breach of this Agreement and, in the case of a breach capable of remedy within ninety (90) days, the breach is not remedied within ninety (90) days of the Other Party receiving notice specifying the breach and requiring its remedy; or
  - (iii) if: (A) the Other Party becomes insolvent or unable to pay its debts as and when they become due; (B) an order is made or a resolution is passed for the winding up of the Other Party (other than voluntarily for the purpose of solvent amalgamation or reconstruction); (C) a liquidator, examiner, receiver, receiver manager or trustee is appointed in respect of the whole or any part of the Other Party's assets or business; (D) the Other Party makes any composition with its creditors; (E) the Other Party ceases to continue its business; or (F) as a result of debt and/or maladministration the Other Party takes or suffers any similar or analogous action.
- (b) A Party's right of termination under this Agreement, and the exercise of any such right, shall be without prejudice to any other right or remedy (including any right to claim damages) that such Party may have in the event of a breach of contract or other default by the other Party.

8.3 *Consequences of termination.* Upon termination of this Agreement for any reason:

- (a) the Licensee shall no longer be licensed to use or otherwise exploit in any way, either directly or indirectly, the IP;

- (b) each Party shall return to the other or, at the other Party's request, destroy any documents or other materials that are in its or its sub-licensees' possession or under its or its sub-licensees' control and that contain the other Party's Confidential Information; and
- (c) the provisions of Clauses 3, 5, 7.2, 7.3, 7.4, 7.5, 8.3 and 9<sup>xxxii</sup> shall remain in force.

## 9. General<sup>xxxii</sup>

- 9.1 *Force majeure.* Neither Party shall have any liability or be deemed to be in breach of this Agreement for any delays or failures in performance of this Agreement that result from circumstances beyond the reasonable control<sup>xxxiii</sup> of that Party, including labour disputes involving that Party. The Party affected by such circumstances shall promptly notify the other Party in writing when such circumstances cause a delay or failure in performance and when they cease to do so.
- 9.2 *Amendment.* This Agreement may only be amended in writing signed by duly authorised representatives of the RPO and the Licensee.
- 9.3 *Assignment.* Neither Party shall assign, mortgage, charge or otherwise transfer any rights or obligations under this Agreement without the prior written consent of the other Party.
- 9.4 *Waiver.* No failure or delay on the part of either Party to exercise any right or remedy under this Agreement shall be construed or operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude the further exercise of such right or remedy.
- 9.5 *Invalid clauses.* If any provision or part of this Agreement is held to be invalid, amendments to this Agreement may be made by the addition or deletion of wording as appropriate to remove the invalid part or provision but otherwise retain the provision and the other provisions of this Agreement to the maximum extent permissible under applicable law.
- 9.6 *No agency.* Neither Party shall act or describe itself as the agent of the other, nor shall it make or represent that it has authority to make any commitments on the other's behalf.
- 9.7 *Interpretation.* In this Agreement:
  - (a) the headings are used for convenience only and shall not affect its interpretation;
  - (b) references to persons shall include incorporated and unincorporated persons; references to the singular include the plural and vice versa; and references to the masculine include the feminine;
  - (c) references to Clauses and Schedules mean clauses of, and schedules to, this Agreement;
  - (d) references in this Agreement to termination shall include termination by expiry; and
  - (e) where the word "including" is used it shall be understood as meaning "including without limitation".
- 9.8 *Notices.*
  - (a) Any notice to be given under this Agreement shall be in writing and shall be sent by post, or by fax (confirmed by post) to the address of the relevant Party set out at the head of this Agreement, or to the relevant fax number set out below, or such other address or fax number as that Party may from time to time notify to the other Party in accordance with this Clause 9.8. The fax numbers of the Parties are as follows<sup>xxxiv</sup>: the RPO – [●]; the Licensee – [●].
  - (b) Notices sent as above shall be deemed to have been received three (3) working days after the day of posting or on the next working day after transmission (in the case of fax messages, but only if a transmission report is generated by the sender's fax machine recording a

message from the recipient's fax machine, confirming that the fax was sent to the number indicated above and confirming that all pages were successfully transmitted).

9.9 Law and jurisdiction.

- (a) This Agreement shall be governed by and construed in accordance with laws of the Republic of Ireland and each Party agrees to submit to the exclusive jurisdiction of the courts of the Republic of Ireland.
- (b) Notwithstanding Clause 9.9(a), before commencing any litigation, each Party shall consider in good faith whether it would be reasonable in the circumstances for the Parties to agree to pursue any alternative dispute resolution processes. Such alternative dispute resolution processes may include internal escalation procedures, and/or mediation in accordance with the WIPO mediation rules. For the avoidance of doubt, however, nothing in this Agreement shall prevent or delay a Party from seeking an interim injunction.

9.10 Further action. Each Party agrees to execute, acknowledge and deliver such further instruments, and do all further similar acts, as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

9.11 Announcements. Neither Party shall make any press or other public announcement concerning any aspect of this Agreement, or make any use of the name of the other Party in connection with or in consequence of this Agreement, without the prior written consent of the other Party.

9.12 Entire agreement. This Agreement, including its Schedules, sets out the entire agreement between the Parties relating to its subject matter and supersedes all prior oral or written agreements, arrangements or understandings between them relating to such subject matter.

9.13 Export Control Regulations.

- (a) "**Export Control Regulations**" mean any United Nations trade sanctions, Irish or EU legislation or regulation, from time to time in force, which impose arms embargoes or control the export of goods, technology or software, including weapons of mass destruction and arms, military, paramilitary and security equipment and dual-use items (items designed for civil use but which can be used for military purposes) and certain drugs and chemicals.
- (b) The Licensee shall ensure that, exercising its rights pursuant to this Agreement, including in using the IP and in selling Licensed Products, it shall not and nor shall its or its Affiliates employees or sub-contractors breach or compromise, directly or indirectly, compliance with any Export Control Regulations.

**Agreed by the Parties through their authorised signatories:**

For and on behalf of  
[Full legal name of the RPO]

For and on behalf of  
[Full legal name of the Licensee]

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



## Schedule

### The IP

*[Insert description of the IP to be licensed by the RPO to the Licensee]*



## Drafting Notes:

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<sup>i</sup> Sometimes, parties wish to prepare a very simple licence agreement, e.g. if the value of the transaction is very small and they do not wish to spend time in detailed negotiations. This Model Agreement is a non-exclusive licence agreement, which includes some core terms dealing with commercial and intellectual property issues. It is not suitable for significant transactions. A more detailed form of licence agreement is included in the Model Exclusive Licence Agreement. In appropriate cases, clauses could be cut and pasted from that more detailed agreement into this simplified agreement. For example, if confidentiality provisions are appropriate, these could be added from that detailed agreement. The user should note, however, that this Model Agreement has been drafted in a fairly generic way so as not to be specific to any particular type of intellectual property right, whereas the more detailed Model Exclusive Licence Agreement focuses on the licensing of patents and know-how. Accordingly, if there are any specific issues raised by the particular type of IP to be licensed that need to be addressed (e.g. whether the licensee can reverse engineer in the case of software), specific provisions dealing with those issues would also need to be added into this template.

<sup>ii</sup> Users of this Model Agreement should note that the authors have not drafted it to take account of the individual requirements of Irish RPOs which might apply. Users are advised to seek out and address by additional provisions, any peculiarities or requirements of a relevant RPO.

<sup>iii</sup> Users of this Model Agreement are advised that the authors have not drafted it to be used by or in relation to consumers. Contracts concluded with consumers are obliged to include an additional lawyer of legal protections, to be written in plain-spoken language and to contain other features imposed by consumer-specific laws which are not dealt with in this template.

<sup>iv</sup> Users of this Model Agreement should be aware that, depending on the particular circumstances, the law relating to 'state aid' might need to be considered (e.g. if the industrial party to the licence agreement does not pay market value for the benefits it receives). This is a complex area and there is no 'one-size-fits-all' way of dealing with it. Accordingly, the user should seek specialist advice when required.

<sup>v</sup> This should be the date on which the last party signs the licence agreement, and should be inserted by the last signatory, on that date.

<sup>vi</sup> Insert the full name of the RPO, the statute or charter under which it was incorporated or established, and its registered/principal address. Individual RPOs will have their own legal formalities which will need to be completed to bind the RPO.

<sup>vii</sup> Insert the full name of the company (or other entity), its registered number, and its registered/principal address. This Model Agreement has been designed for use with a commercial licensee.

<sup>viii</sup> Insert a general description of to what the intellectual property rights to be licensed under this agreement relate.

<sup>ix</sup> Insert the date on which the agreement (and the licence) is to commence. This can be a date before, on, or after the date on which the licence agreement is signed if appropriate.

<sup>x</sup> Inclusion of this definition assumes that the licence will be limited to a particular technical field. Technical definitions such as those for the "Field", "IP", "Licensed Products", etc. may require input from scientific colleagues to ensure they are clear, accurate, and unambiguous, and do not overlap with any other licences that have been granted to the same technology.

<sup>xi</sup> Provide as detailed a list as possible of all intellectual property rights (e.g. patents, designs, copyright, know-how, etc.) to be licensed under this agreement.

<sup>xii</sup> This definition has been drafted very broadly in light of the complex deal structures that a licensee might agree with a sub-licensee (e.g. a mixture of investment, R&D funding, share swaps, etc.) and the possibility of such consideration being weighted so as to reduce sub-licence fees and royalties. It may be appropriate in some transactions to delete some of the examples given.

<sup>xiii</sup> This definition provides for a mechanism to determine the Net Sales Value of the Licensed Products and thereby the amount of royalty due to the RPO.

<sup>xiv</sup> The RPO may include a cap on such deductions (e.g. a percentage of the sales price) or negotiate a fixed-percentage deduction on all sales to avoid the need to calculate the deductions on each occasion.

<sup>xv</sup> Insert the countries in which the Licensee can manufacture and/or sell/supply the Licensed Products. General definitions such as "Europe" should be avoided – for example, it is not clear whether Europe includes Turkey, Russia, etc. In some situations a list of countries may be appropriate. For western Europe, a definition such as members of the EU or EFTA (European Free Trade Association) may be suitable – the latter grouping includes Switzerland and Norway which are not members of the EU. Also consider whether the definition should be frozen, i.e. members of the EU at the date of the licence agreement and not future members.

<sup>xvi</sup> Where this Model Agreement is adapted to be used to govern the performance of obligations in a jurisdiction outside of the Republic of Ireland, users should note that their ability to enforce the rights and obligations set out here may be subject to the law of that jurisdiction and that local legal advice may need to be sought. Particular issues which may need to be considered include: local restrictions on the export or import of IP; and local distribution or manufacturing laws which impart on the parties' ability to perform their obligations under these terms.

<sup>xvii</sup> Payment terms vary considerably from licence agreement to licence agreement. This Model Agreement includes an initial payment and royalty based payment provisions. If any complex payment terms are to be included, the user should consider

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including a practical example of how the payments should be calculated in order to avoid any uncertainty as to the intention of the clause.

<sup>xviii</sup> Users of this Model Agreement are advised that it has not been prepared with regard to any tax law, treatment or policy and that it may be advisable to get specific tax advice in relation to any tax issue or treatment which might arise as a result of performing or implementing this agreement. Tax treatment will depend in part on the parties' circumstances at the time the agreement is made and thereafter.

<sup>xix</sup> This clause sets out the amount to be paid to the RPO for entering into the licence agreement. This amount will need to be assessed on the likelihood of Licensed Products being sold and royalties being paid.

<sup>xx</sup> This clause sets out the percentage of the Net Sales Value of the Licensed Products to be paid to the RPO as a royalty on a quarterly basis. To be negotiated.

<sup>xxi</sup> This clause is optional. If Net Receipts are not to be included, then delete this clause and the definition of Net Receipts.

<sup>xxii</sup> This clause provides a minimum annual royalty to be paid to the RPO and is a good incentive for the Licensee to diligently promote sales of the Licensed Products. This value needs to be considered carefully so as to incentivise the Licensee based on realistic market conditions. It may need to be varied at different times during the term of the licence agreement.

<sup>xxiii</sup> Please note that this clause is in square brackets, as if the deal does not involve royalty based payments, it should be deleted.

<sup>xxiv</sup> Insert the RPO's bank and bank account details.

<sup>xxv</sup> Insert a suitable reference rate.

<sup>xxvi</sup> The RPO and the Licensee will need to discuss what actions to take to deal with infringement.

<sup>xxvii</sup> Although wording of this kind will generally be considered useful, it cannot be guaranteed to exclude terms implied by law. As to which terms will be implied by law, the answer will depend on which country's laws govern the contract. For example, under Irish law, very few terms are generally implied into an intellectual property licence agreement. Under some continental European countries' laws, more terms may be implied – e.g. as to the validity of the IP licensed, suing infringers, providing improvements and assistance to the licensee.

<sup>xxviii</sup> With this wording, the RPO is not guaranteeing that use of the IP, or the manufacture/sale/use of any Licensed Products, will not infringe a third party's intellectual property rights.

<sup>xxix</sup> An important issue with any indemnity is whether it applies only to third-party claims or also to inter-party claims. Generally, indemnities are more suited to third-party claims and liabilities, and they are often not needed for inter-party claims (e.g. for breach of warranty), where they are usually intended to strengthen the indemnified party's position beyond which it would have under the general law of contract. This topic raises complex legal issues (which may vary between jurisdictions) on which specialist advice should be sought.

<sup>xxx</sup> The term can be negotiated based on the remaining period that the IP will remain valuable.

<sup>xxxi</sup> The list of clauses set out in this sub-clause will require careful checking as the rounds of drafting progress.

<sup>xxxii</sup> Parties may wish to seek advice whether the licence agreement raises any competition law issues, e.g. under Article 101(1) of the Treaty on the Functioning of the European Union (TFEU), Section 4(1) of the Competition Act 2002 (as amended), or the Technology Transfer Block Exemption Regulation (TTBER). For further information, the reader should see the section which provides further detail in the accompanying Practical Guide.

<sup>xxxiii</sup> Some agreements include a long list of force majeure events. If there are particular issues that might be relevant in the licensee's territory, e.g. civil war, it may be worth including specific mention of these here.

<sup>xxxiv</sup> Complete with title and address of the office bearer for each party to whom notices about the licence agreement should be sent.

## Model Non-Exclusive, Royalty-Free (NERF) Licence Agreement including drafting points

Dated \_\_\_\_\_ 20[●]

(1) [*Full legal name of the RPO*]

and

(2) [*Full legal name of the Licensee*]

**MODEL NON-EXCLUSIVE, ROYALTY-FREE (NERF) LICENCE  
AGREEMENT**

## MODEL NON-EXCLUSIVE, ROYALTY-FREE (NERF) LICENCE AGREEMENT<sup>i ii iii iv v</sup>

This Agreement dated \_\_\_\_\_ 20[●]<sup>vi</sup> is between:

- (1) [●] (the “RPO”), [an academic institution incorporated or established under [statute or charter in Ireland,] whose [principal address or registered office] is at [●]<sup>vii</sup>; and
- (2) [●] [LIMITED][INC] (the “Licensee”), [a company incorporated in [●] under registration number [●,] whose [principal place of business or registered office] is at [●]<sup>viii</sup>.

### Background:

- A. The RPO and the Licensee entered into a written agreement dated [●] (the “**Collaboration Agreement**”) under which the Parties undertook a collaborative research programme relating to [●] (the “**Collaborative Research Programme**”).
- B. Under the Collaboration Agreement, the Licensee contributed to the costs of the Research Programme and the RPO declared that, subject to the Parties entering into a separate, written licence agreement, the Licensee would have access to the Foreground IP arising from the Research Programme on a non-exclusive and royalty free basis.
- C. Accordingly, the Parties now wish to enter into this Agreement in order to record the terms under which the RPO will grant the Licensee access to the Foreground IP, all as set out below.

### The Parties agree as follows:

#### 1. Definitions

1.1 *Definitions.* In this Agreement, the following words shall have the following meanings:

<b>Claims</b>	All demands, claims and liability (whether criminal or civil, in contract, tort (including negligence) or otherwise) for losses, damages, legal costs and other expenses of any nature whatsoever and all costs and expenses (including legal costs) incurred in connection therewith.
<b>Collaborative Research Programme</b>	Has the meaning given to it in the first Background paragraph.
<b>Commencement Date</b>	[●] <sup>ix</sup> .
<b>Confidential Information</b>	(c) The Foreground IP; and (d) All other technical or commercial information that: (i) in respect of information provided in documentary form or by way of a model or in other tangible form, at the time of provision is marked or otherwise designated to show expressly or by necessary implication that it is imparted in confidence; and (ii) in respect of information that is imparted orally, any information that the Disclosing Party or its representatives informed the Receiving Party at the time of disclosure was imparted in confidence; and (iii) any copy of any of the foregoing.
<b>Disclosing Party</b>	Has the meaning given in Clause 3.
<b>Field</b>	The area of [●] <sup>x</sup> .
<b>Foreground IP</b>	The intellectual property referred to in Schedule 1.
<b>Parties</b>	The RPO and the Licensee, and “ <b>Party</b> ” shall mean either of them.

<b>Receiving Party</b>	Has the meaning given in Clause 3.
<b>Territory</b>	[●] <sup>xi</sup> <sup>xii</sup> .

## 2 Grant of rights

2.1 *Licence.* The RPO hereby grants to the Licensee, subject to the provisions of this Agreement, a non-transferable and non-exclusive<sup>xiii</sup> licence to use the Foreground IP for [the Licensee's own internal purposes or commercial purposes]<sup>xiv</sup> in the Field and in the Territory only.

2.2 *Sub-licensing<sup>xv</sup>.* The Licensee shall not be entitled to grant sub-licences of its rights under Clause 2.1, except with the prior written consent of the RPO, which consent shall not be unreasonably withheld. Where the RPO gives its consent, the Licensee shall be entitled to grant sub-licences of its rights under this Agreement to any person provided that:

- (a) the sub-licence shall include obligations on the sub-licensee which are equivalent to the obligations on the Licensee under this Agreement and limitations of liability that are equivalent to those set out in this Agreement;
- (b) the sub-licence shall terminate automatically on the termination of this Agreement for any reason;
- (c) the sub-licence shall not permit the sub-licensee to further sub-licence any of its rights to the Foreground IP;
- (d) within thirty (30) days of the grant of any sub-licence the Licensee shall provide a true copy of it; and
- (e) the Licensee shall be responsible for any breach of the sub-licence by the sub-licensee, as if the breach had been that of the Licensee under this Agreement, and Licensee shall indemnify the RPO against any losses, damages, costs, claims and expenses which are awarded against or suffered by the RPO as a result of any such breach by the sub-licensee.

2.3 *Reservation of rights.*

- (a) Except for the licence expressly granted by Clause 2.1, the RPO reserves all its rights. Without limiting the scope of the preceding sentence, the RPO grants no rights to any intellectual property other than the Foreground IP and reserves all rights outside the Field and the Territory.
- (b) As the licence granted in Clause 2.1 is non-exclusive, the Licensee acknowledges and agrees that this Agreement places no restriction on the RPO's activities with respect to the Foreground IP. Without limiting the scope of the preceding sentence, the RPO reserves for itself and its affiliates and licensees the irrevocable, worldwide, and royalty-free right to use the whole or any part of the Foreground IP for any and all purposes, whether commercial or non-commercial and whether in or out of the Field. For the avoidance of doubt, and without limitation, such purposes shall include the purposes of research, teaching and publication.

## 3 Confidentiality

3.1 *Confidentiality obligations.* Each Party (the "**Receiving Party**") undertakes:

- (a) to maintain as secret and confidential all Confidential Information obtained directly or indirectly from the other Party (the "**Disclosing Party**") in the course of or in anticipation of this Agreement and to respect the Disclosing Party's rights therein;
- (b) to use such Confidential Information only for the purposes of this Agreement;

- (c) to disclose such Confidential Information only to those of its employees and contractors to whom and to the extent that such disclosure is reasonably necessary for the purposes of this Agreement; and
  - (d) to ensure that all those to whom disclosure of or access to such Confidential Information has been given, including its officers, directors, employees and professional advisors, comply with the provisions of this Agreement, and the Receiving Party shall be liable to the Disclosing Party for any breach of this Agreement by any of the foregoing.
- 3.2 *Exceptions to obligations.* The provisions of Clause 3.1 shall not apply to Confidential Information which the Receiving Party can demonstrate by reasonable, written evidence:
- (a) was, prior to its receipt by the Receiving Party from the Disclosing Party, in the possession of the Receiving Party and at its free disposal; or
  - (b) is subsequently disclosed to the Receiving Party without any obligations of confidence by a third party who has not derived it directly or indirectly from the Disclosing Party; or
  - (c) is independently developed by the Receiving Party by individuals who have not had any direct or indirect access to the Disclosing Party's Confidential Information; or
  - (d) is or becomes generally available to the public through no act or default of the Receiving Party or its agents, employees, or affiliates.
- 3.3 *Disclosure in accordance with legal obligations.* To the extent that the Receiving Party is required to disclose any of the Disclosing Party's Confidential Information by order of a court or other public body that has jurisdiction over it or under other legal obligations, such as under a *bona fide* freedom of information request<sup>xvi</sup>, it may do so, provided that, before making such a disclosure the Receiving Party shall, unless the circumstances prohibit:
- (a) inform the Disclosing Party of the proposed disclosure as soon as possible, in any event, no later than five (5) working days after becoming aware of the proposed disclosure; and
  - (b) permit the Disclosing Party to make representations (written or otherwise) in respect of the disclosure and/or confidential treatment of the Confidential Information.

#### 4 Payments<sup>xvii</sup><sup>xviii</sup>

- 4.1 *[IP protection costs<sup>xix</sup>.* From time to time, and within thirty (30) days of receiving the RPO's invoice for such amount(s), the Licensee shall reimburse to the RPO  per cent () of all costs, fees and expenses incurred by the RPO after the Commencement Date in respect of obtaining any patents or other types of protection for any intellectual property that forms part of the Foreground IP. The RPO's invoice shall include a breakdown of how such costs, fees and expenses have been incurred.]
- 4.2 *Payment terms.* All sums due under this Agreement:
- (a) are exclusive of Value Added Tax which where applicable will be paid by the Licensee to the RPO in addition;
  - (b) shall be paid in Euro in cash by transferring an amount in aggregate to the following account number , sort code , account name , held with  Bank plc, ; and
  - (c) shall be made by the due date, failing which the RPO may charge interest on any outstanding amount on a daily basis at an annual rate equivalent to  per cent () above the  Bank plc base lending rate then in force in .

#### 5 Intellectual property

- 5.1 *Patent maintenance, etc.*

- (a) The RPO shall control the strategy for seeking patent and/or other types of protection for any intellectual property that forms part of the Foreground IP (the “**IP Strategy**”). Without limiting the preceding sentence, if any patent applications or patents form part of the Foreground IP, the RPO shall remain the ‘client of record’ for patent agents prosecuting such applications and patents.
- (b) Notwithstanding Clause 5.1(a), the RPO shall consult with the Licensee regarding the IP Strategy. The Licensee acknowledges that, if the RPO has granted any third party any rights to the Foreground IP, the RPO may additionally consult with any such third party regarding the IP Strategy.

## 5.2 *Infringement of the Foreground IP<sup>xxi</sup>.*

- (a) Each Party shall inform the other Party promptly if it becomes aware of any infringement or potential infringement of the Foreground IP in the Field, and the Parties shall consult with each other to decide the best way to respond to such infringement.
- (b) The RPO shall have the first right, at its sole and absolute discretion, to take action against any such infringement. If the RPO elects not to take action, it shall promptly send the Licensee written notice to inform the Licensee of its decision. If the Licensee receives such notice from the RPO, the Licensee shall then be entitled to take action at its sole expense and subject to the following provisions of this Clause 5.2.
- (c) Before starting or settling any legal action under Clause 5.2(b), the Licensee shall consult [and agree]<sup>xxii</sup> with the RPO as to the advisability of the action or settlement, its effect on the good name of the RPO, the public interest, and how the action or settlement should be conducted.
- (d) If the RPO has granted any third party any rights to the Foreground IP, the Parties shall also co-operate with such third parties in relation to such action or settlement.
- (e) The Licensee shall reimburse the RPO for any reasonable expenses incurred in assisting the Licensee with such action or settlement. In addition, the RPO shall (i) agree to be joined in any action subject to being indemnified and secured in a reasonable manner by the Licensee as to any costs, damages, expenses, or other liability that the RPO may incur, and (ii) have the right to be separately represented by its own counsel at its own expense.

## 5.3 *Infringement of third party rights<sup>xxiii</sup>.*

- (a) If any warning letter or other notice of infringement is received by a Party, or legal suit or other action is brought against a Party, alleging infringement of third party rights in the use of the Foreground IP, that Party shall promptly provide full details to the other Party, and the Parties shall discuss the best way to respond.
- (b) The Licensee shall not make any admissions in relation to such allegations, except with the prior written agreement of the RPO. Unless otherwise agreed in writing by the Parties, the RPO shall have the exclusive right to conduct any proceedings relating to the Foreground IP, including any proceedings relating to the alleged infringement of third party rights in the use of the Foreground IP.

## 6 **Warranties and liability**

### 6.1 *Warranties by RPO<sup>xxiv</sup>.* The RPO warrants and undertakes as follows:

- (a) subject to Clause 6.2(b), it is the proprietor of the Foreground IP; and
- (b) it has not done, and shall not do nor agree to do during the continuation of this Agreement, any of the following things if to do so would be inconsistent with the exercise by the Licensee of the rights granted to it under this Agreement, namely: assigned, mortgaged,

charged, or otherwise transferred any Foreground IP in the Field and in the Territory or (subject to Clause (b)) any of its rights or obligations under this Agreement.

6.2 *Acknowledgements.* The Licensee acknowledges and agrees that:

- (a) The Foreground IP is at an early stage of development. Accordingly, specific results cannot be guaranteed and any intellectual property, results, materials, information and other items (together “**Delivered Items**”) provided under this Agreement are provided ‘as is’ and without any express or implied warranties, representations or undertakings. As examples, but without limiting the foregoing, the RPO does not give any warranty that Delivered Items are of merchantable or satisfactory quality, are fit for any particular purpose, comply with any sample or description, nor are free from bugs, errors, viruses, or other harmful elements.
- (b) The RPO has not performed any searches or investigations into the existence of any third party rights that may affect the Foreground IP.

6.3 *No other warranties.*

- (a) Each of the Licensee and the RPO acknowledges that, in entering into this Agreement, it does not do so in reliance on any representation, warranty or other provision except as expressly provided in this Agreement, and any conditions, warranties or other terms implied by statute or common law are excluded from this Agreement to the fullest extent permitted by law<sup>xxv</sup>.
- (b) Without limiting the scope of Clause 6.3(a), the RPO does not make any representation nor give any warranty or undertaking:
  - (i) as to the scope, efficacy or usefulness of the Foreground IP; or
  - (ii) that the use of the Foreground IP, or the exercise of any of the rights granted under this Agreement, will not infringe any intellectual property or other rights of any other person<sup>xxvi</sup>; or
  - (iii) as imposing any obligation on the RPO to bring or prosecute actions or proceedings against third parties for infringement of the Foreground IP.

6.4 *Indemnity<sup>xxvii</sup>.* The Licensee shall indemnify the RPO against all third party Claims<sup>xxviii</sup> that may be asserted against or suffered by the RPO and which relate to:

- (a) the use by the Licensee of the Foreground IP, or the exercise of any of the rights granted to the Licensee under this Agreement; or
- (b) a breach by the Licensee of any laws or regulations in the Territory.

6.5 *Conditions for the indemnity.* If the RPO seeks indemnification pursuant to Clause 0, the RPO shall provide prompt written notice to the Licensee of the initiation of any action or proceeding that may reasonably lead to a claim for indemnification. Upon receipt of such notice, the Licensee shall have the right to assume the defence and settlement of such action or proceeding, provided that it shall not settle any action or proceeding without the RPO’s prior written consent. The RPO and the Licensee shall co-operate with each other in the defence of such claim.

6.6 *Liability of the Parties.*

- (a) To the extent that either of the Parties has any liability in contract, tort (including negligence), or otherwise under or in connection with this Agreement, including any liability for breach of warranty, their liability shall be limited in accordance with the following provisions of this Clause 6.6. However, the limitations and exclusions of liability set out in this Clause 6.6 shall not apply to any indemnity against third party Claims given under Clause 0.

- (b) The aggregate liability of the RPO shall be limited to an amount equal to [●].
- (c) In no circumstances shall either Party be liable for any loss, damage, costs or expenses of any nature whatsoever incurred or suffered by the other Party or its affiliates that is (i) of an indirect, special or consequential nature or (ii) any loss of profits, revenue, data, business opportunity or goodwill.
- (d) Notwithstanding any other provision, nothing in this Agreement excludes any person's liability to the extent that it may not be so excluded under applicable law, including any such liability for death or personal injury caused by that person's negligence, or liability for fraud.

6.7 *Insurance.* Without limiting its liabilities under this Agreement, the Licensee shall take out with a reputable insurance company and maintain at all times during the term of this Agreement public, professional and product liability insurance including against all loss of and damage to property (whether real, personal or intellectual) and injury to persons including death arising out of or in connection with this Agreement and the Licensee's use of the Foreground IP. Such insurances may be limited in respect of one claim provided that such limit must be at least six million five hundred thousand Euro (€6,500,000). Product and professional liability insurance shall continue to be maintained by the Licensee for a further six (6) years from the end of the term of this Agreement.

## 7 Duration and termination

7.1 *Commencement and termination by expiry.* This Agreement, and the licence granted hereunder, shall come into effect on the Commencement Date and, unless terminated earlier in accordance with this Clause 9, shall continue in force [until the tenth (10<sup>th</sup>) anniversary of the Commencement Date or without limit in time]<sup>xxix</sup>. [On such date, this Agreement and the licence granted hereunder shall terminate automatically by expiry.]<sup>xxx</sup>

7.2 *Early termination.*

- (a) [The Licensee may terminate this Agreement at any time on thirty (30) days' notice in writing to the RPO if the Licensee no longer wishes to make the payments under Clause 4.1.]
- (b) Either Party may terminate this Agreement at any time by notice in writing to the other Party (the "**Other Party**"), such termination to take effect as specified in the notice:
  - (i) if the Other Party is in material breach of this Agreement and, in the case of a breach capable of remedy within ninety (90) days, the breach is not remedied within ninety (90) days of the Other Party receiving notice specifying the breach and requiring its remedy; or
  - (ii) if: (A) the Other Party becomes insolvent or unable to pay its debts as and when they become due; (B) an order is made or a resolution is passed for the winding up of the Other Party (other than voluntarily for the purpose of solvent amalgamation or reconstruction); (C) a liquidator, examiner, receiver, receiver manager, or trustee is appointed in respect of the whole or any part of the Other Party's assets or business; (D) the Other Party makes any composition with its creditors; (E) the Other Party ceases to continue its business; or (F) as a result of debt and/or maladministration the Other Party takes or suffers any similar or analogous action.
- (c) The RPO may terminate this Agreement by giving written notice to the Licensee, such termination to take effect forthwith or as otherwise stated in the notice: if the Licensee fails to pay any amount due under Clause 4.1 by the relevant due date.
- (d) A Party's right of termination under this Agreement, and the exercise of any such right, shall be without prejudice to any other right or remedy (including any right to claim

damages) that such Party may have in the event of a breach of contract or other default by the other Party.

### 7.3 *Consequences of termination.*

- (a) Upon termination of this Agreement for any reason otherwise than in accordance with Clause 0:
  - (i) the Licensee shall no longer be licensed to use, either directly or indirectly, the Foreground IP, in so far and for as long as any intellectual property rights that subsist in the Foreground IP remain in force;
  - (ii) each Party shall return to the other or, at the other Party's request, destroy any documents or other materials that are in its possession or under its control and that contain the other Party's Confidential Information; and
  - (iii) subject as provided in this Clause 0, and except in respect of any accrued rights, neither Party shall be under any further obligation to the other.
- (b) Upon termination of this Agreement for any reason the provisions of Clauses<sup>xxxii</sup> [3, 0, 6.5, 6.6, 0, 0 and 10] shall remain in force.

## 8 **General**<sup>xxxii</sup>

8.1 *Amendment.* This Agreement may only be amended in writing signed by duly authorised representatives of the RPO and the Licensee.

### 8.2 *Assignment.*

- (a) Subject to Clause (b), neither Party shall assign, mortgage, charge or otherwise transfer any rights or obligations under this Agreement, nor any of the Foreground IP, without the prior written consent of the other Party.
- (b) Either Party may assign all its rights and obligations under this Agreement together with its rights in the Foreground IP to any person to which it transfers all or substantially all of its assets or business [in the Field], provided that the assignee undertakes to the other Party to be bound by and perform the obligations of the assignor under this Agreement. However a Party shall not have such a right to assign this Agreement if it is insolvent<sup>xxxiii</sup> or any other circumstance described in Clause (ii) applies to it.

### 8.3 *Interpretation.* In this Agreement:

- (a) the headings are used for convenience only and shall not affect its interpretation;
- (b) references to persons shall include incorporated and unincorporated persons; references to the singular include the plural and vice versa; and references to the masculine include the feminine and vice versa;
- (c) references to Clauses and Schedules mean clauses of, and schedules to, this Agreement;
- (d) references in this Agreement to termination shall include termination by expiry; and
- (e) where the word "including" is used it shall be understood as meaning "including without limitation".

### 8.4 *Notices.*

- (a) Any notice to be given under this Agreement shall be in writing and shall be sent by post, or by fax (confirmed by post) to the address of the relevant Party set out at the head of this Agreement, or to the relevant fax number set out below, or such other address or fax

number as that Party may from time to time notify to the other Party in accordance with this Clause 0. The fax numbers of the Parties are as follows<sup>xxxiv</sup>: the RPO – [●]; the Licensee – [●].

- (b) Notices sent as above shall be deemed to have been received three (3) working days after the day of posting, or on the next working day after transmission (in the case of fax messages, but only if a transmission report is generated by the sender’s fax machine recording a message from the recipient’s fax machine, confirming that the fax was sent to the number indicated above and confirming that all pages were successfully transmitted).

8.5 Law and jurisdiction.

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Republic of Ireland and each Party agrees to submit to the exclusive jurisdiction of the courts of the Republic of Ireland.
- (b) Notwithstanding Clause 8.5(a), before commencing any litigation, each Party shall consider in good faith whether it would be reasonable in the circumstances for the Parties to agree to pursue any alternative dispute resolution processes. Such alternative processes may include internal escalation procedures and/or mediation in accordance with the WIPO mediation rules. For the avoidance of doubt, however, nothing in this Agreement shall prevent or delay a Party from seeking an interim injunction.

8.6 *Entire agreement.* This Agreement, including its Schedules, sets out the entire agreement between the Parties relating to its subject matter and supersedes all prior oral or written agreements, arrangements or understandings between them relating to such subject matter. Subject to Clause (d), the Parties acknowledge that they are not relying on any representation, agreement, term or condition which is not set out in this Agreement.

**Agreed by the Parties through their authorised signatories:**

For and on behalf of  
[Full legal name of the RPO]

For and on behalf of  
[Full legal name of the Licensee]

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## Schedule 1

### *The Foreground IP*

The intellectual property arising from the Collaborative Research Programme and owned by the RPO, namely:

*[Insert a description of each of the specific items of IP that comprise the Foreground IP.]*

## Drafting Notes

<sup>i</sup> This is a Model Non-Exclusive, Royalty-Free (NERF) Licence Agreement which has been drafted to be compatible with the description of a NERF licence in the national IP Protocol published by the Irish government.

In summary, the IP Protocol sets out the Irish government's public policy positions in relation to the development, use and commercialisation of intellectual property by third level institutions and public bodies in Ireland. Further information about the IP Protocol can be found on the website of Knowledge Transfer Ireland, and a copy of the IP Protocol can also be downloaded from that website also. The website address is as follows:

[http://www.knowledgetransferireland.com/About\\_KTI/Knowledge-Transfer-Framework/](http://www.knowledgetransferireland.com/About_KTI/Knowledge-Transfer-Framework/)

The IP Protocol explains that a NERF licence may be made available to an industry partner in a Collaborative Research Programme where the industry partner has made or is making a minimum contribution to the costs of that programme. The minimum contribution level is determined on a case-by-case basis for each Programme by the State research funding organisation that is co-funding the Collaborative Research Programme.

The IP Protocol defines a NERF licence as

*"A licence to use IP under which the licensee is not required to pay any initial or recurring royalties or milestone payments. The licensee may be required to pay some or all of any costs for prosecution, maintenance and defence of any patent or similar granted IP rights".*

This template agreement is drafted to take into account the particular conditions set out in the IP Protocol that relate to aspects such as: IP prosecution; reimbursement of costs of IP prosecution, maintenance and defence; IP infringement; scope of licence (field and territory); etc.

<sup>ii</sup> For consistency between the documents in the suite of KTI Model Agreements, this template is based on the Model Short Form Non-Exclusive Licence Agreement, but has been stripped down further and has also had some modifications made in order to bring the template in line with the IP Protocol. However, as with all templates, the user must bear in mind that this document can only ever be a starting point and accordingly, amendments may be required in order to tailor the draft to the particular circumstances. The template is not specific to any particular type of IP and may be adapted for use when patent, software, or other types of IP are relevant.

One of the assumptions that was made when this template was put together was that the RPO is the sole owner of the Foreground IP. Before concluding any licensing deal, the RPO should undertake due diligence to ascertain whether or not this is the case and therefore whether or not this template is a suitable starting point for the deal in question.

<sup>iii</sup> Users of this document should note that the authors have not drafted it to take account of the individual requirements of Irish third level educational institutions which might apply. Users are advised to seek out and address, by additional provisions, any peculiarities or requirements of a relevant institution.

<sup>iv</sup> Users of this document are advised that the authors have not drafted it to be used by or in relation to consumers. Contracts concluded with consumers are obliged to include an additional layer of legal protections, to be written in plain-spoken language and to contain other features imposed by consumer-specific laws which are not dealt with in this template agreement.

<sup>v</sup> Users of this Model Non-Exclusive, Royalty-Free Licence Agreement should be aware that in some situations the law relating to "state aid" might need to be considered (e.g. if the industrial party to the licence agreement does not pay market value for the benefits it receives). This is a complex area and there is no 'one-size-fits-all' way of dealing with it. Accordingly, the user should seek specialist advice when required.

<sup>vi</sup> This should be the date on which the last party signed, and should be inserted by the last signatory, on that date.

<sup>vii</sup> Insert the full name of the RPO, the statute or charter under which it was incorporated or established, and its registered/principal address. Individual RPOs will have their own legal formalities which will need to be completed to bind the RPO.

<sup>viii</sup> Insert the full name of company (or other entity) and its principal place of business. This Model Non-Exclusive, Royalty-Free Licence Agreement has been designed for use with a commercial licensee.

<sup>ix</sup> Insert the date on which the licence agreement is to commence. This can be a date before, on, or after the date on which the licence agreement is signed.

<sup>x</sup> Inclusion of this definition assumes that the licence will be limited to a particular technical field. Technical definitions such as those for the "Field", the "Foreground IP", etc. may require input from scientific colleagues to ensure they are clear, accurate, and unambiguous, and do not overlap with any other licences that have been granted to the same technology.

<sup>xi</sup> List the countries in which the licensee can use the Foreground IP. General definitions such as "Europe" should be avoided – for example, it is not clear whether Europe includes Turkey, Russia, etc. In some situations a list of countries may be appropriate. For western Europe a definition such as members of the EU or EFTA (European Free Trade Association) may be suitable – the latter grouping includes Switzerland and Norway which are not members of the EU. Also consider whether the definition should be frozen, i.e. members of the EU at the date of the agreement and not future members.

<sup>xii</sup> Where this document is adapted to be used to govern the performance of obligations in a jurisdiction outside of the Republic of Ireland, users should note that their ability to enforce the rights and obligations set out here may be subject to the laws of that jurisdiction and that local legal advice may need to be sought.

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<sup>xiii</sup> This grants a non-exclusive licence.

<sup>xiv</sup> This wording should be amended as appropriate for the particular circumstances. The wording suggested in clause 2.1 in square brackets reflects the two extremes described in the IP Protocol. However, something in between these two extremes may better reflect the particular arrangements and the user should therefore amend this clause as appropriate. When deciding what use the licensee may make of the Foreground IP, one of the things the user should bear in mind is that this template does not provide for payments to be made to the RPO.

<sup>xv</sup> Sub-licensing is a matter for commercial negotiation between the parties. Sub-licensing raises commercial issues, including (i) should it be allowed at all, (ii) is it allowable subject to permission or without permission, (iii) whether certain terms must be included in the sub-licence agreement, and (iv) does any sub-licence survive termination of the main licence? The provision included in this template is based on that included in the Model Exclusive Licence Agreement, and allows sub-licensing subject to prior permission and certain terms being included in the sub-licensing agreement.

<sup>xvi</sup> This covers, for example, disclosures required by a stock exchange on which a party's shares are listed. Sometimes parties prefer to say this more explicitly. It also includes freedom of information requests.

<sup>xvii</sup> Users should note that this template has been put together consistent with the IP Protocol on the basis that no payments will be due to the RPO from the licensee – irrespective of whether or not the licensee uses the Foreground IP for commercial purposes or grants any sub-licences of the Foreground IP – except (where relevant) a contribution to the patent costs.

<sup>xviii</sup> Users of this Model Non-Exclusive, Royalty-Free Licence Agreement are advised that it has not been prepared with regard to any tax law, treatment or policy, and that it may be advisable to get specific tax advice in relation to any tax issue or treatment which might arise as a result of performing or implementing this agreement. Tax treatment will depend in part on the parties' circumstances at the time the agreement is made and thereafter.

<sup>xix</sup> This clause is consistent with the IP Protocol and provides for the licensee to reimburse the RPO a percentage of all costs, fees, and expenses it incurs after the commencement date in respect of obtaining patent and other types of protection for any intellectual property that forms part of the Foreground IP. The clause is in square brackets in case it is not relevant to the particular deal, in which case it should be deleted. If the clause is relevant, however, the user should remove the square brackets and insert the appropriate percentage.

<sup>xx</sup> Insert the RPO's bank and bank account details.

<sup>xxi</sup> The RPO and the licensee should discuss what actions to take to deal with infringements.

<sup>xxii</sup> The RPO should consider whether it requires a higher degree of control over any action or settlement of the type described in clause 5.2 than simply a right of consultation. If so, the square brackets should be deleted here.

<sup>xxiii</sup> The parties must notify each other promptly if there is any infringement of third party intellectual property rights. Some licensees seek an indemnity from the licensor against claims of infringement by third parties. However, most licensors generally would not be willing to give such an indemnity – particularly where the licensor is not receiving any payments in return for the grant of the licence.

<sup>xxiv</sup> This is a relatively light set of warranties such as those that an RPO licensor might be prepared to give. However, although relatively light, the RPO should not give the warranties without carrying out the necessary due diligence. As mentioned above, this template has been put together on the basis that the RPO is the owner of any IP rights that may subsist in Foreground IP. If any third party owns any rights in the Foreground IP, these warranties should not be given without the appropriate amendments.

<sup>xxv</sup> Although wording of this kind will generally be considered useful, it cannot be guaranteed to exclude terms implied by law. As to which terms will be implied by law, the answer will depend on which country's laws govern the contract. For example, under Irish law, few terms are generally implied into an intellectual property licence agreement (other than certain rights which may be implied in relation to software, for example under the Sale of Goods and Supply of Services Act 1980). Under some continental European countries' laws, more terms may be implied – e.g. as to validity of the licensed IP, suing infringers, providing improvements and assistance to the licensee, etc.

<sup>xxvi</sup> The RPO is not guaranteeing that use of the Foreground IP will not infringe a third party's intellectual property rights.

<sup>xxvii</sup> An important issue with any indemnity is whether it applies only to third-party claims or also to inter-party claims. Generally, indemnities are more suited to third-party claims, and they are often not needed for inter-party claims (e.g. for breach of warranty), where they are usually intended to strengthen the indemnified party's position beyond that which it would have under the general law of contract. This topic raises complex legal issues (which may vary between jurisdictions) on which specialist advice should be sought.

<sup>xxviii</sup> The licensee gives the RPO an indemnity for any third party claims due to licensee's use of the Foreground IP.

<sup>xxix</sup> Two alternative provisions are suggested here – the first alternative provides for the licence agreement to be in place for a specified time frame (here ten years) and the second alternative provides for the licence agreement to be in place indefinitely (i.e. until it is terminated in the limited circumstances provided in clause 7.2). The user should decide which of the two alternatives is the appropriate term for the particular deal, and then delete the wording that is not relevant.

<sup>xxx</sup> This final sentence is only required if the term of this agreement is to be limited to a specified period (i.e. the tenth anniversary of the commencement date). If this sentence is required, the square brackets around it should be deleted. However, if this sentence is not required (i.e. because the agreement is to continue without limit in time), this sentence should be deleted.

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<sup>xxx</sup>i The list of clauses set out in this sub-clause will require careful checking as the rounds of drafting progress.

<sup>xxx</sup>ii Parties may wish to seek advice whether the licence agreement raises any competition law issues, e.g. under Article 101(1) of the Treaty on the Functioning of the European Union (TFEU), Section 4(1) of the Competition Act 2002 (as amended), or the Technology Transfer Block Exemption Regulation (TTBER). For further information, the user should see the section which provides further detail in the accompanying User Guide.

<sup>xxx</sup>iii This sentence seeks to avoid assignments by a liquidator.

<sup>xxx</sup>iv Complete with the fax numbers to which notices about the licence agreement should be sent.

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