

THE TECHNOLOGY TRANSFER WORKING GROUP

LICENSING GUIDE

AND SAMPLE LICENSE





U.S. DEPARTMENT OF
ENERGY

Office of
Technology
Transitions

Prospective Licensee,

The Department of Energy (DOE) is pleased to present this guide and sample license, created by the Technology Transfer Working Group (TTWG) for licensing intellectual property (IP) developed at DOE's National Laboratories. The TTWG was established as part of the Energy Policy Act of 2005 to improve the successful transfer of DOE-funded technologies. The group's members comprise the technology transfer leads at the National Laboratories and single-purpose research facilities.

Intellectual property developed at DOE's National Laboratories typically is held and licensed by the laboratory where the technology was developed. The DOE Office of Technology Transition's Lab Partnering Service (LPS) maintains a comprehensive database of lab-derived IP that makes browsing the portfolio easy and intuitive. Once you have identified IP of interest, we recommend you contact the laboratory through LPS or the associated technology transfer office. You will require a license agreement to obtain commercialization rights to patented and copyrighted IP owned by the DOE's National Laboratories and facilities. While specific licensing terms and conditions may vary among laboratories, the underlying obligation is the same.

We developed this guide and accompanying sample license to provide you with an understanding of typical contract terms and provisions to help you access and commercialize DOE's IP resources effectively, and to explain the laws and policies governing the licensing of federally funded research. This guide will prove most useful to small businesses and entrepreneurs with limited resources and licensing experience, but we hope all interested companies and individuals will find it valuable.

We wish to acknowledge the efforts of the TTWG volunteers from across the laboratory complex who contributed to the creation of the guide and *Licensing Guide and Sample License*. We at the Department of Energy and TTWG are excited that you have taken this first step toward the commercialization of DOR's world-class research into new products and services. It is this necessary and important process that enables the United States to maintain its technological leadership on the global stage, thus enhancing our economic competitiveness, bolstering our national security, and protecting our environment.

Sincerely,



Conner Prochaska

Chief Commercialization Officer
Technology Transfer Coordinator
U.S. Department of Energy



Mary Monson

Senior Manager, Technology Partnerships and
Business Development, Sandia National Labs
Chair, Technology Transfer Working Group

Licensing Contacts

Laboratory or Facility	Licensing Contact	Email Addresses
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INTRODUCTION

The U.S. Department of Energy (DOE) laboratories and facilities perform world-class fundamental research and applied R&D. Scientific advancements emanating from this research can impact and drive the global marketplace, strengthening U.S. competitiveness and supporting economic development in our communities. Breakthrough technologies and scientific innovation often result in intellectual property (IP) that may support business and the transition of science to the marketplace. This IP is captured in patents and copyrights and the DOE laboratories and facilities eagerly work with companies to license such IP so that these technologies become products, services, and consumer goods that benefit the public.

License agreements are the legal instrument by which the national laboratories and facilities grant access to their IP. As a general rule, national laboratories and facilities license rights in a patent application or issued patent for inventions and license copyrights for software. Most DOE laboratories and facilities have a technology transfer office with a staff of professionals committed to transferring its technologies to the private sector. Although the technology transfer offices at DOE laboratories have much in common, each laboratory has developed its own approach to licensing technology and its own licensing strategy. Because of the unique set of laws and policies governing the licensing of federally funded research and DOE policies regarding intellectual property, licensing agreements for technology developed at DOE laboratories have some provisions that may not be present in a license agreement between private entities. The purpose of this document is to describe a “typical” DOE laboratory IP license agreement in order to provide prospective licensees with an understanding of the terms and conditions found in most DOE laboratory IP license agreements.

HISTORY

Prior to 1980, the U.S. Government had accumulated 28,000 patents, fewer than 5% of which were commercially licensed¹. Through a series of landmark legislative acts in the 1980s, including the Bayh-Dole Act, the Stevenson-Wydler Act, the Federal Technology Transfer Act, and the National Competitiveness Technology Transfer Act of 1989 (NCTTA), universities and contractors operating national laboratories were authorized to retain title to inventions created using federal funding, pursue patent protection, and license those inventions to third parties. The enabling laws and agency-specific policies imposed some limits on this authority to license and these limitations are reflected in the national laboratories’ license agreements. Today the DOE laboratories annually develop more than 1800 new inventions, receive more than 400 U.S. patents, and execute more than 300 new license agreements. In September 2011, the DOE reported more than 3500 active license agreements from its laboratories and facilities.

¹ Duecker, K. (1997). “Biobusiness on campus: Commercialization of university-developed biomedical technologies.” *Food and Drug Law Journal* 52: 453-510.

LABORATORY AND FACILITY MANAGEMENT AND OPERATING CONTRACTORS

Most DOE national laboratories are Government-Owned, Contractor-Operated (GOCO) facilities, meaning they are owned by the Department of Energy but managed by companies, universities, or university consortia under Management and Operating (M&O) contracts. (The sole exception is the National Energy Technology Laboratory, NETL, which is a Government-Owned, Government-Operated, or GOGO facility.) Among many other things, the M&O contracts establish the requirements for the M&O contractor to obtain title and license DOE technologies. License agreements for national laboratory technologies are between the M&O contractor and the licensing entity (licensee), and in most cases, when an M&O contractor for a laboratory/facility changes, the departing contractor assigns its ownership of the laboratory technologies to the successor contractor.

TYPICAL LICENSE BUSINESS TERMS

The terms of each license agreement vary commensurately with the market value of each technology and the common licensing practices of the relevant industrial sector. Some of the more common terms are described below:

Monetary Terms. Licenses typically have at least these four monetary terms:

- License issue fee, due upon execution of the agreement;
- Running royalty, most commonly based on a percentage of sales;
- Minimum annual royalties or milestone payments; and
- Patent cost reimbursements, which may include expenses incurred for patent filing, patent prosecution and maintenance, and governmental patent office fees (e.g., filing fees, issue fees, maintenance fees, and annuities).

In some cases, laboratories are able to accept company equity in lieu of cash for some of these payments.

Performance Requirements. Licenses also contain performance requirements for the licensee. These are mutually agreed upon milestones that reflect the licensee's expected progress toward the development of the technology into a product and/or service. These requirements ensure that technologies developed at the national laboratories and facilities are commercialized and that the public ultimately enjoys the benefit provided by the product or service.

Business Plan Requirements. Some DOE laboratories/facilities require a business and commercialization plan to be provided by a licensee. This business plan typically contains details about the general business, opportunity, market, set of commercialization milestones, and resources required to achieve those milestones. In many cases the business and commercialization plan provided by the licensee supports and justifies license terms such as the performance requirements of the license, the type of exclusivity, and the scope of the field of use for the license.

Field of Use. Licenses are often limited by fields of use. This means the tech-

nology is licensed according to the licensee's intended use or application or anticipated market. Technology transfer offices work closely with prospective licensees to determine a field of use that supports the company's business plan and commercialization strategy.

Exclusivity. Licenses may be exclusive or non-exclusive. In either case, the license will normally be granted for a specific field of use. An invention may be licensed exclusively to more than one company in clearly separate fields of use.

HOW DO NATIONAL LABORATORIES AND FACILITIES CHOOSE A LICENSEE?

National laboratories and facilities seek licensees who are most able to bring a technology to market. The criteria typically used to qualify a licensee are:

- R&D capabilities
- Financial resources
- Management commitment
- Experience in relevant markets

GOVERNMENT REQUIRED TERMS AND PRACTICES

As noted above, because national laboratories and facilities are government-owned, their business policies and licensing terms can differ from those found in the private sector. Some of the requirements stem from statutes governing all federally funded research and some stem from statutes, regulations or policies unique to the Department of Energy.

LICENSING REQUIREMENTS BASED ON U.S. LAW AND DOE REGULATIONS AND POLICIES

Preference for Small Business: Assuming all factors are equal, the laws governing the disposition of inventions developed using federal funds also includes an obligation to provide preferential consideration to U.S. small businesses so long as such companies demonstrate the capacity and commitment to commercialize the technology.

Requirement for Substantial Manufacture in the U.S. for U.S. Products: Under the Bayh-Dole Act, products produced under exclusive licenses to IP developed with federal funding must be substantially manufactured in the United States if they are to be used or sold in the U.S. The Act also states that the substantial manufacturing requirement is "normally" applied to non-exclusive licenses but not required. The intent of this requirement is to ensure that the taxpayers' investment in research and development at federal laboratories and facilities benefits the United States through the generation of employment opportunities. Waivers may be granted by the funding agency if domestic manufacture of the product is not commercially feasible or if attempts to find a U.S. manufacturer have been

unsuccessful.

Government March-In Rights: Under limited circumstances, generally relating to an urgent national need and a licensee's inability to commercialize an invention to meet that need, the U.S. Government retains the right to grant a license to a technology developed under federal funding even if such technology is exclusively licensed to another party. Note, however, that 35 U.S.C. § 203 provides that an exclusive licensee will first be provided the right to sublicense the exclusively licensed technology prior to the government exercising its march-in-rights. While this required provision may be a source of concern to prospective licensees, in practice the U.S. Government has rarely exercised this right.

Government Use Rights: All licenses of IP developed under federal funding must grant the U.S. Government non-exclusive rights to use such IP by or on behalf of the U.S. government. This means that if a licensee of an invention sells a patent-protected product to the U.S. government or is contracted by the U.S. Government to perform a service that requires the use of the invention, the licensee is not obligated to pay royalties on such sales or services. In addition, a company that is contracted by the U.S. Government to supply a product or a service that requires the use of a federally funded invention may use the invention without an obligation to have a license. For example, the Government may issue a contract to supply the Army with a vaccine that is covered by a DOE laboratory patent. Such "Government Use" does not require a license from the DOE laboratory that invented the vaccine.

Conflicts of Interest: Public Law 101-189 (National Competitiveness Technology Transfer Act of 1989) contemplated that the agencies would address conflict of interest in their technology transfer activities. DOE included specific provisions in the Technology Transfer Clause that was included in all DOE management and operating laboratory contracts where the contractor was given the authority to conduct technology transfer. These provisions require the contractors to have implementing procedures approved by the DOE Contracting Officer that seek to avoid employee and organizational conflicts of interest in the conduct of technology transfer activities. The procedures include a requirement that the contractor must get DOE Contracting Officer approval prior to the assignment, exclusive licensing, or option for exclusive licensing of any intellectual property to (1) an individual who has been a laboratory employee within the previous two years or (2) the company in which the individual is a principal.

LICENSING REQUIREMENTS BASED ON DOE POLICIES

Fairness of Opportunity: It is DOE policy to ensure widespread public notice of opportunities to license inventions developed with DOE funding.

U.S. Competitiveness: The DOE requires its laboratories and facilities to consider U.S. competitiveness in all license agreements. The requirement for U.S. competitiveness can be satisfied by either substantially manufacturing products in the United States or by having a business unit in the United States and providing a significant economic and technical benefit to the United States. The DOE

laboratory or facility must evaluate several factors to determine whether a licensee meets the U.S. competitiveness requirement. If the technology transfer officer at the DOE laboratory or facility concludes that the U.S. competitiveness requirement will not be met, such officer must obtain DOE approval to proceed with the license agreement, particularly in the case of an exclusive license agreement.

Export Control: All DOE laboratories and facilities are required to include an export control clause in their license agreements. This clause simply states that the Licensee agrees to comply with export control laws designed to protect items and information important to the United States. It restates the existing requirements of export control laws and regulations and does not impose additional requirements.

ABOUT THE SAMPLE LICENSE

This sample license is for illustrational and discussion purposes only and is not the exact license agreement that you will find at any of the DOE laboratories or facilities. The sample license is intended to provide prospective licensees with an example of the basic provisions that may be included in a non-exclusive license.

EXPLANATION OF THE SAMPLE LICENSE ARTICLES

Preamble

The first paragraph of the contract simply identifies the parties to the agreement, the nature of the parties, and the effective date of the agreement.

Background

Sometimes called the Recitals, and in some agreements beginning with the word “Whereas,” the Background clause introduces the nature of the contractual relationship and does not contain legally binding terms.

Article 1: Terms and Conditions

This is simply the formal statement that the parties agree to be legally bound by the terms and conditions of the agreement.

Article 2: Definitions

In order to streamline the contract language, important terms are defined at the beginning. Defined terms in common contract practice are typed with capitalized first letters. The Definitions section is important in that it contains a number of potentially negotiable contract parameters. Some of the most common definitions in license agreements are Accounting Period, Effective Date, Field of Use, Licensed Products, Licensed Processes, Gross Sales, Net Sales, Patent Costs and Royalty.

Article 3: Grant

The Grant clause specifies the rights transferred to the licensee. A licensee should consider whether the rights provided under the Grant clause support its business model and the anticipated use of the Licensed Patents. The grant of

rights in a non-exclusive license may include sublicensing rights but the right to grant sublicenses is frequently only granted in exclusive licenses. The grant in the Sample License includes all rights protected by the Licensed Patents (make, have made, etc.), but may be limited to a Field of Use. Some agreements may grant only a subset of these rights. For example, a research-only license will grant only the right to make and to use Licensed Products for internal research purposes.

Article 4: Consideration and Financial Obligations

Article 4 describes the licensee's obligations under the license agreement. Typically, these obligations include financial obligations (execution fee, minimum royalties, running royalties and patent reimbursement) as well as diligence obligations to meet milestones defined in the license agreement (Exhibit C, "Diligence for Licensed Patent" in the included Sample License). In the Sample License, the financial obligations are defined in Exhibit B and the Report Schedule and Form are included in Exhibit D. Obligations under the agreement may have due dates that are tied to the Accounting Period or may have specific dates within a year that can be annually, semiannually, quarterly, or specified dates.

Article 4 notes that the licensee will not owe royalties for Licensed Products purchased by the United States Government because the U.S. Government already has access to the technology through its Government License Rights. The licensee therefore agrees to reduce the price to the U.S. Government by the amount of the royalty it would otherwise owe. This also applies to sales to entities contracted by the U.S. Government to provide such products or services.

Provisions for interest on late payments are typically included in DOE laboratory licenses to encourage timely payment.

Article 5: Patent Prosecution and Reimbursement

The Sample License assigns responsibility to the DOE laboratory/facility contractor for preparing, filing, prosecuting and maintaining the Licensed Patents and stipulates that the licensee(s) will reimburse the contractor for incurred patent expenses. While this is standard practice among the DOE laboratories/facilities, each laboratory may have its own practice on patent reimbursement. For example, the DOE laboratory/facility contractor may choose to license the same patents non-exclusively to more than one licensee. In this case, the contractor may require that each licensee reimburse patent costs on a pro rata basis with the other licensees.

Article 6: Conditions of Grant

Article 6 calls out several requirements imposed on the licensee by federal law or DOE policy. These terms are typically not negotiable.

U.S. Competitiveness: As described above, DOE requires its laboratories and facilities to consider the specific economic benefit of a license to the United States. The Sample License includes the requirement to substantially manufacture in the United States; however, a DOE laboratory/facility can satisfy the DOE requirement for U.S. competitiveness in a non-exclusive license if the licensee has a business unit in the United States and provides a significant economic and technical benefit to the United States.

Markings: U.S. patent laws allow for recovery of patent infringement damages for the period of time after an infringer had actual or constructive notice of the infringed patent. Actual notice can be provided by way of a letter, after infringement has begun and been discovered. Constructive notice can be provided before actual notice by marking a patented product with an applicable patent number, thereby extending the period for which damages can be recovered. For this reason, most national laboratory licenses require Licensed Products to be marked “patent pending” for not-yet-issued patents or the word “patent” or abbreviation “pat” followed by the issued patent number. Under the America Invents Act (signed into law on September 16, 2011) patent owners may now comply with patent marking requirements by marking their products with the address of a web page that identifies patent numbers in association with the marked product.

Advertising/Financing: The Conditions of Grant article typically defines the conditions under which licensed rights may be used as advertisements or as collateral.

Article 7: Records, Reports and Royalty Payments

Article 7 of the Sample License defines record keeping requirements for verification of royalty calculations and reporting requirements.

Article 8: Breach and Termination

Article 8 describes the circumstances under which the license may expire or be terminated. The agreement automatically terminates when all Licensed Patents expire or are ruled invalid. In general, the DOE laboratory or facility may terminate the agreement for financial and material breaches. The licensee, on the other hand, typically may terminate the agreement for any reason at any time with a written notice. In the Sample License, the licensee is required to provide 60-day written notice prior to termination.

Article 9: Infringement

The Infringement Article addresses the actions that are required in the event of third-party infringement or suspected infringement of the Licensed Patents. Some DOE laboratories and facilities include provisions that establish the ground rules for pursuing legal action against infringers of the Licensed Patents. For example, the DOE laboratory or facility may reserve the first option to take action with DOE approval, but will not be obligated to take action on behalf of the licensee. In an exclusive license a laboratory/facility may opt to not take action, and in this case the licensee may have the option to file suit. The article may also define how the costs and proceeds of any legal action will be shared.

Article 10: Exportation of Technical Information

This provision reminds the licensee of obligations to comply with all applicable export control laws and regulations and requires the licenses to indemnify the laboratory or facility against any penalties incurred if the licensee is found to have violated those laws and regulations.

Article 11: Disclaimer

All licenses include a disclaimer stating that the laboratory/facility and DOE do

not make any representations or warranties regarding the licensee's exercise of granted rights. This is standard licensing practice and must be included in a laboratory/facility license.

Article 12: Representations and Warranties

The specific representations and warranties vary between laboratories and facilities, but generally include warranties by the laboratory/facility that they can grant licenses to the IP.

Article 13: Product Liability Indemnity

DOE M&O contracts require that all technology transfer agreements include a provision requiring the licensee to indemnify the Government and the Contractor for all damages, costs, and expenses arising from personal or property damaging occurring as a result of use of the Licensed Patents. Although the contract language may vary slightly from laboratory to laboratory, product liability indemnification is a required part of the license agreement. The DOE laboratory or facility may also require a licensee to insure its activities in connection with the work under the Licensed Patents and the Agreement.

Article 14: Notice

Article 14 in the Sample License identifies points of contact and provides instructions for communications and notifications.

Article 15: Entire Agreement and Legal Amendments

Article 15 addresses amendments and establishes priorities for resolving conflict with other agreements.

Article 16: Successors and Assigns

Because DOE periodically may select a new contractor to manage a laboratory or facility, license agreements must address assignment of IP to a successor contractor or the Department of Energy. In either case, the provisions of the license agreement will normally remain in effect.

Article 17: Disputes and Governing Laws

As with most contracts, license agreements normally identify the jurisdiction and process for resolving disputes.

Article 18: Use of Names

Normally, licensees are not permitted to name the Government, Department of Energy, licensing DOE laboratory/facility, or inventor(s) in its advertising and marketing materials. Exceptions to this prohibition typically require prior written approval by the DOE laboratory/facility.

Article 19: Miscellaneous

This article includes provisions that clarify interpretation of certain aspects of the agreement.

Article 20: Offer

The final article contains signature blocks for executing the agreement. The license is not in effect until both parties have signed the agreement. Some laboratories also require receipt of the execution fee before the agreement is binding.

EXHIBITS

In the Sample License, the information that is specific to a particular transaction is contained in the exhibits. However, in some licenses this information is integrated in the body of the agreement, in which case the entire agreement should be considered confidential.

Exhibit A — Intellectual Property (IP): Licenses list the IP (Licensed Patents) in an exhibit to the agreement or in the body of the agreement.

Exhibit B — License Fees: License fees, payments, and other consideration are often defined in an exhibit to the agreement. Normally, the financial exhibit is deemed confidential data not to be disclosed to any third party without the consent of the Licensee and Licensor.

Exhibit C — Diligence for Licensed Patent: Performance milestones are often defined in this exhibit. The milestones can range from completion of specific development efforts to specific commitments tied to product sales. As with the financial exhibit, the performance exhibit is normally deemed confidential.

Exhibit D — Report Schedule and Form: Many licenses provide a form for reporting sales and for calculating royalties due under the Agreement. As with the other financial and performance data, this exhibit is normally deemed confidential.

TTWG Licensing Committee (2012)

Jennifer Caldwell (chair)	Oak Ridge National Laboratory
Christine Brakel	Brookhaven National Laboratory
Connie Cleary	Argonne National Laboratory
Virginia de la Puente	Lawrence Berkeley National Laboratory
Charity Follett	Lawrence Livermore National Laboratory
Cheryl Fragiadakis	Lawrence Berkeley National Laboratory
Jud Hightower	Oak Ridge National Laboratory
Kathleen McDonald	Los Alamos National Laboratory
John McEntire	Pacific Northwest National Laboratory
Mike Paulus	Oak Ridge National Laboratory
Eric Payne	National Renewable Energy Laboratory
Craig Smith	Sandia National Laboratories

Sample License

DISCLAIMER FOR SAMPLE LICENSE

This sample license is for illustrational and discussion purposes only. The license is included as one of several components of this Licensing Guide for prospective licensees of technology developed at laboratories and facilities operated on behalf of the U.S. Department of Energy (DOE). It is meant to provide prospective licensees with an example of the basic provisions that may be included in a nonexclusive license, and not all provisions are necessarily applicable to every licensing deal. However, in order to provide the most comprehensive guide, we have included many of the provisions that could be part of a nonexclusive license. Therefore, this sample license is not the exact license agreement that you will find at any one DOE laboratory or facility.

Except where indicated below, the language and terms in a license are negotiable. Certain licensing terms are required by DOE to meet legislative requirements, as indicated in this sample license and further outlined in the Licensing Guide. While the intent of these required provisions are generally the same among the laboratories and facilities, the language and breadth of the provisions may vary greatly between different DOE laboratories and facilities. For the specifics on licensing intellectual property from an individual laboratory and facility, we encourage you to contact the technology transfer office at the individual laboratory and facility directly and we have provided a table with the links to the technology transfer websites at the beginning of the Technology Transfer Working Group Licensing Guide.

NONEXCLUSIVE COMMERCIAL PATENT LICENSE AGREEMENT

(Reference #XXXX)

This license agreement (hereinafter “Agreement”), which shall be effective on the date it is executed by the last Party to sign (the “Effective Date”) below, is between [LABORATORY/FACILITY OPERATOR], (hereinafter “Licensor”), Management and Operating Contractor for the [DOE LABORATORY/FACILITY] and [COMPANY NAME], (hereinafter “Licensee”), a for-profit company organized and existing under the laws of the State of [NAME of STATE] and having a principal place of business at [COMPANY ADDRESS], hereinafter referred to individually as “Party” and jointly as “Parties.”

BACKGROUND

Licensor manages and operates [DOE LABORATORY/FACILITY] under authority of its Prime Contract No. [M&O CONTRACT REFERENCE] (hereinafter “Prime Contract”) with the United States Government as represented by the Department of Energy (hereinafter “DOE”);

Licensee is a [TYPE of BUSINESS] business located in [NAME of STATE], and as applicable, has worked closely with [DOE LABORATORY/FACILITY] on [DEFINE the TECHNICAL PARTNERSHIP TYPE], and related projects;

Licensee is interested in acquiring certain rights to Licensor’s inventions and plans to expand its current line of [TYPE] products by developing and commercializing a [PRODUCT LINE] based on such inventions; and

Licensor is willing to grant such rights so that the inventions will be developed and be used to the fullest extent possible for the benefit of the general public.

ARTICLE 1 TERMS & CONDITIONS

THEREFORE, in consideration of the foregoing premises, covenants and agreements contained herein, the Parties agree to be bound as follows:

ARTICLE 2 DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below:

- 2.1 “Accounting Period” means the period from January 1 through December 31 of each year, with the first Accounting Period beginning on the Effective Date.

SAMPLE LICENSE FOR ILLUSTRATIONAL AND DISCUSSION PURPOSES ONLY

- 2.2 “Dispose,” “Dispose of” or “Disposition” means the sale, lease or other transfer of Licensed Products or Licensed Processes.
- 2.3 “Effective Date” means the date of the signature of the last Party to sign this Agreement.
- 2.4 “Field(s) of Use” means and is limited to _____
- 2.5 “Government” means the Federal Government of the United States of America.
- 2.6 “Gross Sales” means the U.S. Dollar value of all consideration to which Licensee is entitled for the Disposition of Licensed Products and the U.S. Dollar value of all consideration to which the Licensee is entitled for the practice of Licensed Processes. In the event Licensee does not ultimately Dispose of Licensed Products, or Licensee Disposes of Licensed Products for less than fair market value, the fair market value of such Licensed Products (as if there had been a fair market value Disposition to an unaffiliated third party) shall be included in Gross Sales.
- 2.7 “Licensed Patents” means each patent and patent application listed in Exhibit A owned by [LABORATORY/FACILITY OPERATOR’S], and any patents issuing in any country at any time from such application and any divisions, continuations, continuations-in-part (excluding those claims in such applications claiming new subject matter) thereof, and all reissues, reexaminations, inter partes reviews, post-grant reviews, or extensions of any such patents, and all patent applications corresponding to any of the foregoing. The term “Licensed Patents” does not include any patent found to be unenforceable or invalid by a final decision by a Court of competent jurisdiction from which no appeal has or can be taken as of the date of the Court’s finding; provided, however, that Licensee shall pay any such royalties that accrued before such decision or that are based on another patent or claim not involved in such decision.
- 2.8 “Licensed Processes” means any use or service that use, practice, Disposal of, or offer for sale of which, but for the license granted in this Agreement, would infringe or contribute to the infringement of a claim of a Licensed Patent.
- 2.9 “Licensed Products” means any device, apparatus, product, compound, composition of matter, product by process, kit, system, material or algorithm, the manufacture, use, Disposal of, offer for sale, or import of which, but for the license granted in this Agreement, would infringe or contribute to the infringement of a claim of a Licensed Patent.
- 2.10 “Net Sales” means the Gross Sales less the total of the following deductions:
- (a) sales tariffs, duties and/or taxes imposed on the Licensed Products manufactured in the United States;
 - (b) outbound transportation prepaid or allowed; and
 - (c) amounts allowed or credited on returns.
- The foregoing deductions must all be directly attributable to the sale of Licensed Products and actually identified on an invoice for such Licensed Products.
- 2.11 “Patent Costs” means the verifiable costs related to the preparation, filing, prosecution, re-examinations, reissues, appeals, post grant challenges, derivation proceedings, annuities, and maintenance of U.S. and foreign Licensed Patents.
- 2.12 “Royalty” and “Royalties” mean the payments owed to Licensor based on Net Sales as specified in Exhibit B.
- 2.13 “Term” means the period of time starting on the Effective Date and continuing until expiration of the last to expire of the Licensed Patents, subject to the terms of Article 8.

SAMPLE LICENSE FOR ILLUSTRATIONAL AND DISCUSSION PURPOSES ONLY

**ARTICLE 3
GRANT**

- 3.1 Licensors grants to Licensee, and Licensee accepts for the Term of this Agreement, a nonexclusive commercial license under the Licensed Patents to make, have made, use, offer to sell, sell, Dispose of, and import the Licensed Products in the Field of Use. All other rights not expressly granted in this License Agreement are reserved by the Licensor.
- 3.2 Licensee acknowledges that no license is granted or implied hereunder and shall not make, have made, offer to sell, sell, Dispose of or import the Licensed Products outside the Field of Use. Licensee agrees that its making, having made, using, offering to sell, selling, Disposing of and importing the Licensed Products outside the Field of Use is a breach of this Agreement and is an infringement of the Licensed Patents.
- 3.3 Licensee's nonexclusive commercial license is subject to, and will in no way restrict, the Government's nonexclusive, nontransferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States the Licensed Patents throughout the world, pursuant to 35 USC 202(c)(4).

**ARTICLE 4
CONSIDERATION AND FINANCIAL OBLIGATIONS**

- 4.1 In consideration for the grant of this commercial license, Licensee agrees to comply with all the provisions of this Agreement, to pay all fees, Royalties, costs, and all other consideration within the time periods and as otherwise specified in Exhibit B of this Agreement for the Term, and to satisfy the requirements of the Development and Commercialization Plan set forth in Exhibit C. Prompt payment of all amounts due to Licensor and satisfaction of the requirements of EXHIBIT C for the Diligence for Licensed Patent are material to this Agreement.
- 4.2 Licensee will pay to Licensor a license fee in the amount specified in Exhibit B (Execution Fee), which is nonrefundable and not creditable against any Royalties and is not an advance on Royalties. Exhibit B specifies when the Execution Fee is due and payable. In the event of termination of this Agreement, the entire unpaid balance of the Execution Fee, and any applicable accrued Royalties or Annual Minimum Royalties, will be due and payable on or before the effective date of termination.
- 4.3 Under this Agreement a Licensed Product is considered Disposed of and a Licensed Process is considered practiced when invoiced, or if not invoiced, when delivered to or performed for a third party. But when the last Licensed Patent covering a Licensed Product or Licensed Process expires or when the Agreement terminates, any shipment or service made on or before the day of that expiration or termination that has not been invoiced before is considered as Disposed of (and therefore subject Royalty under this Agreement).
- 4.4 All payments will be made to Licensor in U.S. dollars either by check or wire transfer. If payments are made by wire transfer, such transfers shall be in accordance with the following wire instructions; unless and until written notice is provided by Licensor of a change in the wire instructions:

[PROVIDED BY DOE LABORATORY/FACILITY]

- 4.5 Licensee will owe no Royalties to Licensor for Dispositions of Licensed Products or

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- Licensed Processes either directly to the U.S. Government or to parties contracted by the U.S. Government to provide products or services which involve the use of or are covered under the Licensed Patents. In such transactions, Licensee shall reduce the amount charged for a Licensed Product Disposed of or for use of Licensed Process by an amount equal to the Royalty otherwise due to Licensor. Licensee will report all Gross Sales received from such Dispositions and shall include the U.S. Government control or contract number and the identification of the Government agency in the written report for the pertinent Accounting Period/reporting period using Royalty Report Sample included in EXHIBIT D.
- 4.6 In the event Licensee fails to make any payment due to Licensor within the time period prescribed for such payment under this Agreement, the unpaid or overdue amount will bear interest at the rate of _____ (___%) per month from the date payment was due until payment in full, with interest, is made. In addition, Licensee agrees to reimburse Licensor for any costs or expenses, including attorney's fees, incurred by Licensor in collection of such overdue payments.

ARTICLE 5 PATENT PROSECUTION AND REIMBURSEMENT

- 5.1 Licensor is the owner of the Licensed Patents and, in its sole discretion, shall have exclusive responsibility for the preparation, filing, prosecution and maintenance of the Licensed Patents, including choice of patent counsel. As requested, Licensee shall cooperate with Licensor to insure that the claims for each Licensed Patent reflects and will reflect, to the extent practicable and to the best of Licensee's knowledge, all items of commercial interest to Licensee that are contemplated to be sold or procedures to be practiced under this Agreement.
- 5.2 Licensee will reimburse Licensor for Patent Costs for all Licensed Patents as listed in Exhibit A accruing on and after the Effective Date of this Agreement. Invoices for such costs will not exceed actual costs and are due and payable no later than thirty (30) days after receipt of invoices by Licensee.
- 5.3 If Licensee elects not to pay its share of expenses incurred by Licensor under Section 5.2 for a particular Licensed Patent, on a country-by-country basis, Licensee shall so notify Licensor in writing. Licensee shall be obligated to reimburse Licensor for its share of expenses for such Patent Costs up to the date Licensor receives such written notification, as well as any additional costs Licensor may incur if it abandons such Licensed Patent, and at that time, Licensee's rights related to such Licensed Patents in the applicable country(ies) shall be terminated, and such Licensed Patents in such country(ies) shall be removed from this Agreement.
- 5.4 Licensee shall promptly notify Licensor of any change in its status as a micro entity as defined in 35 U.S.C. 123, of any change in its status as a small business concern, and of the first sublicense granted to an entity that does not qualify as a micro entity or a small business concern. A "small business concern" as used in this paragraph is as defined by the U.S. Patent and Trademark Office (37 C.F.R. 1.27 (a)(2) and 13 C.F.R. 121.802).

**ARTICLE 6
CONDITIONS OF GRANT**

- 6.1 Licensee agrees that any Licensed Product for use or sale in the United States will be substantially manufactured in the United States.
- 6.2 Licensee will mark all Licensed Products in accordance with the statutes of the United States relating to marking of patented articles. Any such marking may indicate that Licensee has a license from Licensor. Otherwise, Licensee is prohibited from using Licensor's name or the name [LABORATORY/FACILITY OPERATOR] in any such marking or any advertising, promotion or commercialization of Licensed Products or Licensed Processes without written approval of Licensor.
- 6.3 Licensee will not pledge its rights under this Agreement for any reason, including as security to obtain financing, without the prior written approval of Licensor. The Parties agree that any such pledge by Licensee without such approval by Licensor shall be an automatic, material and incurable breach of the Agreement resulting in termination of the Agreement effective as of the attempt by Licensee to make such pledge.

**ARTICLE 7
RECORDS, REPORTS, AND ROYALTY PAYMENTS**

- 7.1 Licensee will keep and make available to Licensor for audit, inspection and copying by Licensor or its designee, including an accounting firm, adequate and sufficiently detailed records to enable Licensee's financial obligations required under this Agreement to be determined readily and accurately. Licensee will maintain these records for a period of five (5) years after the end of the last Accounting Period/reporting period to which the records refer. In the event an examination of Licensee's records reveals an underpayment of more than five percent (5%) of the correct Royalty amount, Licensee will pay all costs incurred by Licensor related to the examination of records in addition to paying the balance due, plus any applicable interest at the rate specified in Article 4.6.
- 7.2. Licensee shall provide Licensor a written report for each (Accounting Period/specific due dates within an Accounting Period) during the Term of this Agreement, no later than thirty (30) days after the end of each Accounting Period/reporting period, which identifies for such Accounting Period/reporting period:
 - (a) the total Gross Sales by Licensee itemized by Licensed Patent;
 - (b) the total amount of Royalties due to Licensor;
 - (c) the total amount of sales tariffs, duties and/or taxes imposed on the Licensed Products manufactured in the United States;
 - (d) the total outbound transportation costs prepaid or allowed; and
 - (e) the total amounts allowed or credited on returns.The first such report will include this information for all Licensed Products and Licensed Processes Disposed of between the Effective Date and the end of the first Accounting Period/reporting period.
- 7.3 The due date for payment of Royalties for each Accounting Period/reporting period is the due date for submittal of each report. If either the report or the Royalty payment is not received by Licensor on or before the due date, the payment will be considered late.

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- 7.4 Licensee will submit a written report to Licensor within thirty (30) days after the date of any termination or expiration of this Agreement which contains the same information required in Article 7.2 above for Licensed Products and Licensed Processes made, used, or Disposed of prior to such expiration or termination that were not previously reported to Licensor. At the time this report is submitted, Licensee will pay to Licensor all Royalties and any other consideration due Licensor.

ARTICLE 8 BREACH AND TERMINATION

- 8.1 This Agreement shall become effective as of the Effective Date and shall run to the end of the term of the last to expire Licensed Patent, and shall thereupon expire unless previously terminated in accordance with the following provisions of this Article 8.
- 8.2 This Agreement may be terminated by Licensor for any material breach of the Agreement by the Licensee. Such termination will be effective sixty (60) days after written notice specifying the breach to the Licensee. If the specified breach is cured before the effective date of termination, the Agreement will not be terminated.
- 8.3 In the event Licensee either (1) fails to make payment to Licensor of Royalties or other consideration in accordance with Exhibit B of this Agreement or (2) fails to satisfy the requirements of EXHIBIT C for the Diligence for Licensed Patent, Licensor may, at its sole discretion, terminate this Agreement with respect to specified Licensed Patents. There will be no reduction in any of the payments due from Licensee, including but not limited to Royalties.
- 8.4 In addition to termination, in the event of a material breach by Licensee, Licensor may pursue any rights and remedies available to it by law.
- 8.5 This Agreement will not be terminated for any breach that is the result of an act of God, acts or omissions of any government or agency thereof, compliance with rules, regulations, or orders of any governmental authority or any office, department, agency, or instrumentality thereof, fire, storm, flood, earthquake, accident, acts of the public enemy or terrorism, war, rebellion, insurrection, riot, sabotage, invasion, quarantine, restriction, transportation embargoes, or failures or delays in transportation.
- 8.6 Any termination of this Agreement will not impact Licensor's ownership interest, if any, in Licensee.
- 8.7 The rights and remedies granted herein, and any other rights or remedies which the Parties may have, either at law or in equity, are cumulative and not exclusive of others.
- 8.8 Neither Party will be relieved of any obligation or liability under this Agreement arising from any act or omission committed prior to the termination date. Upon termination, Licensee will execute any documents necessary to achieve the transfer to Licensor of all rights to which Licensor may be entitled under this Agreement.
- 8.9 Licensee may terminate this Agreement for any reason if Licensee provides Licensor with sixty (60) calendar days prior notice of its intent to terminate and pays Licensor all Patent Costs owed at the time of termination, if applicable, and all other fees, Annual Minimum Royalties, Royalties, and any other consideration due under Exhibit B in, or at the end of, the year of termination, whichever is greater.
- 8.10 This Agreement will terminate automatically upon a final adjudication of invalidity, unenforceability, or the extinguishment of all Licensed Patents, for any reason.
- 8.11 Expiration or termination of this Agreement will be without prejudice to any rights that may have accrued to the benefit of a Party prior to such expiration or termination. The following provisions shall survive any expiration or termination of this Agreement: Sections 4.1, 5.3, 4.5, 4.6, 7.4, Articles 10, 11, 12, 13, 14, 15, and 17.

SAMPLE LICENSE FOR ILLUSTRATIONAL AND DISCUSSION PURPOSES ONLY

ARTICLE 9 INFRINGEMENT

- 9.1 Licensee shall promptly give notice in writing to Licensor of any known actual or suspected infringement of the Licensed Patents and shall provide Licensor with reasonable evidence of such infringement.
- 9.2 Licensor shall have the primary right, but not the obligation, to take appropriate action in connection with any proceeding or suit to abate or to prevent an infringement.

ARTICLE 10 EXPORTATION OF TECHNICAL INFORMATION

Licensee represents and warrants that it shall not export from The United States of America directly or indirectly, any technical information (or the direct product thereof) furnished to Licensee either directly or indirectly by Licensor without first complying with all requirements of the Export Administration Regulations, including the requirement for obtaining any export license, if applicable. Licensee agrees to indemnify, defend and hold harmless Licensor, its officers, agents and employees from all liability involving the violation of such export regulations, either directly or indirectly, by Licensee. Licensee acknowledges it may be subject to criminal liability under U.S. laws for Licensee's failure to obtain any required export licenses.

ARTICLE 11 DISCLAIMER

NEITHER LICENSOR, THE DOE, NOR PERSONS ACTING ON THEIR BEHALF MAKE ANY WARRANTY, EXPRESS OR IMPLIED: (1) WITH RESPECT TO THE MERCHANTABILITY, ACCURACY, COMPLETENESS OR USEFULNESS OF ANY SERVICES, MATERIALS, LICENSED PATENTS, OR INFORMATION FURNISHED HEREUNDER; (2) THAT THE USE OF ANY SUCH SERVICES, MATERIALS, LICENSED PATENTS, OR INFORMATION WILL NOT INFRINGE PRIVATELY OWNED RIGHTS; (3) THAT THE SERVICES, MATERIALS, LICENSED PATENTS, OR INFORMATION FURNISHED HEREUNDER WILL NOT RESULT IN INJURY OR DAMAGE WHEN USED FOR ANY PURPOSE; OR (4) THAT THE SERVICES, MATERIALS OR INFORMATION FURNISHED HEREUNDER WILL ACCOMPLISH THE INTENDED RESULTS OR ARE SAFE FOR ANY PURPOSE, INCLUDING THE INTENDED OR PARTICULAR PURPOSE. FURTHERMORE, LICENSOR AND THE DOE HEREBY SPECIFICALLY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, FOR ANY PRODUCTS MANUFACTURED, USED OR SOLD BY LICENSEE. NEITHER LICENSOR NOR THE DOE SHALL BE LIABLE FOR CONSEQUENTIAL, SPECIAL, OR INCIDENTAL DAMAGES IN ANY EVENT.

ARTICLE 12 REPRESENTATIONS AND WARRANTIES

- 12.1 Licensor makes no representation or warranty, either expressed or implied, and no representation or warranty shall be implied, with respect to the License herein granted other than that Licensor has the right to grant said license.
- 12.2 Nothing in this Agreement may be construed as:
 - 12.2.1 a warranty or representation by Licensor as to the validity or scope of any of Licensor's rights in Licensed Patents;

SAMPLE LICENSE FOR ILLUSTRATIONAL AND DISCUSSION PURPOSES ONLY

- 12.2.2 a warranty or representation that anything made, used, sold or otherwise Disposed of under any license granted in this Agreement is or will be free from infringement of any patents other than Licensed Patents;
- 12.2.3 a grant by implication, estoppel or otherwise of any license or rights under any patents of Licensor other than Licensed Patents, regardless of whether such patents are dominate or subordinate to Licensed Patents; or
- 12.2.4 an obligation to furnish any information not provided in Licensed Patents.

**ARTICLE 13
PRODUCT LIABILITY INDEMNITY**

Except for any liability resulting from any negligent act or omission of the Licensor, Licensee indemnifies the U.S. Government and the Licensor, and their officers, employees and agents, for all damages, costs and expenses, including attorneys’ fees, arising from personal injury or property damage occurring as a result of the commercialization and utilization of the Licensed Patents by Licensee. The indemnity set forth in this Paragraph shall apply only if the Licensee shall have been informed as soon and as completely as practical by the Licensor and/or the U.S. Government of the action alleging such claim and shall have been given an opportunity, to the maximum extent afforded by applicable laws, rules or regulations, to participate in and control its defense, and the Licensor and/or the U.S. Government shall have provided all reasonably available information and reasonable assistance requested by the Licensee. No settlement for which the Licensee would be responsible shall be made without the Licensee’s consent unless required by final decree of a court of competent jurisdiction.

**ARTICLE 14
NOTICES**

14.1 All notices and reports shall be addressed to the Parties as follows:

If to Licensor:

 E-Mail XXX@XXX.XXX

 Facsimile

 Phone

If to Licensee:

Name and/or Title	(XXX) XXX-XXXX
Company Name	Facsimile
Address 1	(XXX) XXX-XXXX
Address 2	Phone
City, State, ZIP	
E-Mail XXX@XXX.XXX	

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- 14.2 All stock certificates, if any, will be sent to the address for notices.
- 14.3 Any notice, report or any other communication required or permitted to be given by one Party to the other Party by this Agreement shall be in writing and either: (a) served personally on the other Party; (b) sent by express, registered or certified first-class mail, postage prepaid, addressed to the other Party at its address as indicated above, or to such other address as the addressee shall have previously furnished to the other Party by proper notice; (c) delivered by commercial courier to the other Party; or (d) sent by facsimile to the other Party at its facsimile number indicated above or to such other facsimile number as the Party shall have previously furnished to the other Party by proper notice, with machine confirmation of transmission.

ARTICLE 15 ENTIRE AGREEMENT AND LEGAL AMENDMENTS

This Agreement constitutes the entire understanding between the Parties hereto with respect to the Licensed Patents, and any modification of this Agreement shall be in writing and shall be signed by a duly authorized representative of each Party. This Agreement supersedes any previous representations, agreements, or understandings, whether oral or written. There are no understandings, representations or warranties with respect to the subject matter hereof, except as herein expressly set forth, and no rights are granted hereunder except as expressly set forth herein. Any conflict between this Agreement and any other prior agreements shall be resolved in favor of the terms of this Agreement except where the other prior agreement is a Cooperative Research and Development Agreement (“CRADA”) in which case, the confidentiality terms of the CRADA executed on **[insert date]** in Articles **[insert numeric]** and any of its amendments shall control.

ARTICLE 16

SUCCESSORS AND ASSIGNS

- 16.1 This Agreement is binding upon and shall inure to the benefit of Licensor, its successors and assigns. Any attempt by Licensee to assign this Agreement is void unless Licensee obtains the prior written consent of Licensor, which shall not be unreasonably withheld.
- 16.2 Licensee’s rights under this Agreement and the license herein granted shall not be assigned for the benefit of creditors of Licensee. In the event of bankruptcy by Licensee, it is the intention of the Parties that this license will be construed to be an executory contract.
- 16.3 Licensor may assign its rights in this Agreement to the U.S. Department of Energy or its designee without consent of Licensee.

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ARTICLE 17 DISPUTES AND GOVERNING LAWS

- 17.1 This Agreement shall be construed, interpreted and applied in accordance with the laws of the United States and of the State of [NAME OF STATE], without reference to choice of law provisions.
- 17.2 Any controversies or disputes arising out of or relating to this Agreement that cannot first be resolved by the Parties' authorized representatives may be sent to non-binding third party mediation. Any controversy or dispute that was not successfully resolved through mediation may be resolved by binding arbitration in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association.

ARTICLE 18 USE OF NAMES

Neither the granting of the license herein by Licensor nor the acceptance of license fees or Royalties hereunder by Licensor shall constitute Licensor's approval of, or acquiescence in, advertising or other business practices of Licensee, nor an approval of or acquiescence in any use of the corporate name of Licensor, or any use of the name [DOE LABORATORY/FACILITY], or any use of the name(s) of the inventors of the Licensed Patents, or of the names of any agencies of the U.S. Government, in connection with the manufacture, advertising, use or sale of Licensed Products or Licensed Processes, and Licensor hereby expressly reserves all rights of actions with respect thereto. Licensee must obtain prior written approval from Licensor before using Licensor's name in any advertising, press release, or other business materials to be publicly distributed by Licensee.

ARTICLE 19 MISCELLANEOUS

- 19.1 The headings of the several articles are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.
- 19.2 This Agreement is not binding upon the Parties until it is signed below on behalf of each Party.
- 19.3 If a court of competent jurisdiction holds any provision of this Agreement invalid, illegal or unenforceable in any respect, this Agreement must be construed as if that invalid or illegal or unenforceable provision is severed from the Agreement, provided, however, that the Parties shall negotiate in good faith substitute enforceable provisions that most nearly effect the Parties' intent in entering into this Agreement.

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**ARTICLE 20
OFFER**

The offer to execute this Agreement shall expire if this Agreement is not signed by Licensee and returned to Licensor on or before _____.

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be executed in duplicate originals by its duly authorized officers or representatives.

(LICENSOR NAME)

By: _____

Name: (typed): _____

Title: _____ Director, Technology Transfer

Date: _____

(LICENSEE NAME)

By: _____

Name: (typed): _____

Title: _____

Date: _____

SAMPLE

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EXHIBIT A: INTELLECTUAL PROPERTY

LICENSED PATENTS

ID Number	Country	Title	Inventor(s)	Application Number/ Patent Number	Filing/ Issue Date	Filed as LARGE/ SMALL/ MICRO entity

SAMPLE

Initials

Licensor: _____

Date: _____

Licensee: _____

Date: _____

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EXHIBIT B: LICENSE FEES

A. Execution Fee:

The **Execution Fee** is \$ _____, payable within thirty (30) days of the Effective Date. The Execution Fee is nonrefundable and is not an advance against Earned Royalties or Carbon Credits. If such Execution Fee is not timely received by Licensor, this Agreement shall be null and void without effect.

C. Royalty:

Licensee will pay Licensor a **Royalty** of _____ percent (___%) of the Net Sales for Licensees Dispositions of Licensed Products and Licensed Processes. Royalties will be paid on an (annual/semiannual/quarterly) basis for the duration of the Agreement, within thirty (30) days of the end of the Accounting Period/reporting period.

E. Minimum Royalty:

If Royalties [*and proceeds from Carbon Credits*] paid by Licensee pursuant to this Agreement for the Accounting Period/reporting period do not total the annual amounts shown below as **Annual Minimum Royalties** on the year end dates shown, Licensee shall within thirty (30) days of such year end date pay to Licensor the difference between such amounts and the Annual Minimum Royalties, according to the following schedule:

Date	Annual Minimum Royalties
Dec 31, 201_ - 201_	\$ _____
Dec 31, 201_ and thereafter	\$ _____

F. Merger or Acquisition:

In the event of a merger, acquisition or joint venture of or with a third party by Licensee (a “merger”), the terms of this Agreement will be renegotiated in good faith to fit the new business plan of the new entity, and a license transfer fee of \$ _____ will be due and paid to Licensor immediately upon such merger.

F. [Equity Taken Structure:]

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G. [Carbon Credits (CDMs):

Licensee will pay Licensor ___% of the proceeds from the sale or transfer of greenhouse gas emission allowances and offsets received by Licensee for the use or sale of Licensed Products and Licensed Processes.]

NOTICE

This Exhibit contains financial and commercial information that is BUSINESS SENSITIVE and the Parties hereby agree not to use or disclose this Exhibit to any third party without the advance written approval of the other Party, except: (1) to those necessary to enable the Parties to perform under this Agreement; (2) as may be required by the Licensor’s Contract with the DOE under the same restrictions as set forth herein; or (3) in event of breach of any provision of this Agreement by either Party, to those deemed necessary by the non-breaching Party to enforce the non-breaching Party’s rights under the Agreement.

Initials

Licensor: _____

Date: _____

Licensee: _____

Date: _____

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EXHIBIT C: DILIGENCE FOR LICENSED PATENT

- A. Within thirty (30) days after the end of each Accounting Period/reporting period, Licensee shall furnish Licensor with a written report on the progress of its efforts during the preceding Accounting Period/reporting period to develop and commercialize the Licensed Patents. The report shall also contain a discussion of intended efforts and sales projections for the year in which the report is submitted.
- B. Licensee shall meet [TECHNICAL MILESTONES] for Licensed Products or Licensed Processes.
- C. Licensee shall make a first sale of Licensed Products or Licensed Processes prior to December 31, _____.
- D. Licensee shall make the following minimum Sales:
 - Date Units/\$ Sales
 - Dec 31, 201_ # or \$
 - Dec 31, 201_ # or \$
 - Dec 31, 201_ # or \$
 - Dec 31, 201_ # or \$
 - Dec 31, 201_ and beyond # or \$

In the event Licensee fails to fulfill the diligence requirements above, Licensor may reduce the license rights or terminate the license by providing written notice of thirty (30) days to Licensee.

NOTICE

This Exhibit contains financial and commercial information that is BUSINESS SENSITIVE and the Parties hereby agree not to use or disclose this Exhibit to any third party without the advance written approval of the other Party, except: (1) to those necessary to enable the Parties to perform under this Agreement; (2) as may be required by the Licensor’s Contract with the DOE under the same restrictions as set forth herein; or (3) in event of breach of any provision of this Agreement by either Party, to those deemed necessary by the non-breaching Party to enforce the non-breaching Party’s rights under the Agreement.

Initials

Licensor: _____

Date: _____

Licensee: _____

Date: _____

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EXHIBIT D: REPORT SCHEDULE AND FORM

NOTICE

Licensee will submit a Royalty report to Licensor reporting the Disposition of Licensed Products and Licensed Processes and Royalty information shown below for the previous Accounting Period/reporting period within one (1) month of the end of the Accounting Period/reporting period.

Annual Royalty Report for

Date:

Time Period:

Licensee Name:

License Number: **Reference #XXXX**

Production and Royalties Information:

Description of Licensed Products and/or Licensed Processes	Units Of Sales	Net Sales (US\$)	Royalties Due (US\$)

U.S. Government Sales of Licensed Products and Licensed Processes:

U.S. Government Agency:

Contract No. _____

How the benefit of the royalty-free sale was passed to the U.S. Government:

Note: Payment of the royalties and other fees, along with the form noted on this page, should be made out to:

Chief Financial Officer
[LABORATORY/FACILITY OPERATOR]
[DOE LABORATORY/FACILITY]
RE: License Fee, **Reference #XXXX**
Licensee Address

NOTICE

This Exhibit contains financial and commercial information that is BUSINESS SENSITIVE and the Parties hereby agree not to use or disclose this Exhibit to any third party without the advance written approval of the other Party, except: (1) to those necessary to enable the Parties to perform under this Agreement; (2) as may be required by the Licensor's Contract with the DOE under the same restrictions as set forth herein; or (3) in event of breach of any provision of this Agreement by either Party, to those deemed necessary by the non-breaching Party to enforce the non-breaching Party's rights under the Agreement.

Initials

Licensor: _____

Date: _____

Licensee: _____

Date: _____

SAMPLE

PUBLISHED BY:



AND
TECHNOLOGY
VENTURES
CORPORATION