

**SAMPLE**

This Contract is between The Technology Center llc, a company of the State of Massachusetts, acting as a licensing company for Carl Conforti having a place of business in Fall River, Ma. 02724 (hereinafter "TTCllc") and \_\_\_\_\_ (hereinafter the "Company"), a \_\_\_\_\_ corporation, through its \_\_\_\_\_ Division having a place of business at \_\_\_\_\_.

WITNESSETH:

WHEREAS, as TTCllc is interested in licensing TECHNOLOGY or INTELLECTUAL PROPERTY (hereinafter defined) in a manner that will benefit the public by facilitating the distribution of useful all relative useful products and related services having a capacity to commercially develop, manufacture, and distribute any such products or methods; and

WHEREAS, the technology, inventions, copyrighted matter and technical information generally describing a " \_\_\_\_\_ " was developed by TTCllc; and

WHEREAS, The Company is entitled to acquire through an assignment, license for commercial interest, with the exception of certain retained rights as disclosed in this agreement and terms and conditions herein; and

WHEREAS, Company desires to commercially develop, manufacture, use and distribute such products and processes for profit;

NOW, THEREFORE, in consideration of the foregoing premises and the following mutual covenants, and other good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 "AFFILIATED COMPANY" or "AFFILIATED COMPANIES" shall mean any corporation, company, partnership, joint venture or other entity which controls, is controlled by or is under common control with the Company. For purposes of this paragraph 1.1, control shall mean the direct or indirect ownership of at least \_\_ percent (\_\_%).

1.2 "TECHNOLOGY" shall mean a \_\_\_\_\_ as described in the TTCllc INTELLECTUAL PROPERTY.

1.3 "EFFECTIVE DATE" of this License Contract shall mean the date the last party hereto has executed this Contract.

1.4 "EXCLUSIVE LICENSE" shall mean a grant by TTCllc to Company of its entire right and interest in the TTCllc INTELLECTUAL PROPERTY.

1.5 'IMPROVEMENT" shall mean any inventions, copyrighted matter or technical

information that results from the license to the Company of such TECHNOLOGY will remain as part of the royalty agreement to the TTCIlc and prosecuted as a co-development.

1.6 "NEW MATTER" shall mean new matter or materials introduced in the contract negotiation, or during the contract period.

1.7 "TTCIlc COPYRIGHTED MATTER" shall mean and include copyrighted documentation and copyrighted works owned by TTCIlc including:

All packaging , graphics, instructions and related marketing materials;

All drawings, technical documents and related illustrations; and

All promotions, marketing, sales and related research information that may apply to promote or sell the invention.

1.8 "TTCIlc INTELLECTUAL PROPERTY" shall mean, individually and collectively, TTCIlc PATENT RIGHTS, TTCIlc COPYRIGHTED MATTER and TTCIlc TECHNICAL INFORMATION.

1.9 "TTCIlc PATENT RIGHTS" shall mean:

previously filed U.S. patent application(s) listed in Appendix A, and the inventions disclosed and claimed therein, and all continuations, divisions, and reissues based thereof, and any corresponding foreign patent applications, and any patents, patents of addition, or other equivalent foreign patent rights issuing, granted or registered thereon; and

any additional U.S. patent applications filed on behalf of TTCIlc (whether invented solely by TTCIlc or jointly by TTCIlc and Company) and directed to patentable features that may be contained within the TTCIlc TECHNICAL INFORMATION (including TTCIlc IMPROVEMENTS as provided in and subject to the conditions of \_\_\_\_\_).

1.10 "TTCIlc TECHNICAL INFORMATION" shall mean and include:

any and all existing know-how, show-how and/or proprietary technical information relating to concepts underlying a \_\_\_\_\_ including existing information relating to the design, operation, manufacture, assembly, and application of a

\_\_\_\_\_ (Such existing TTCIlc TECHNICAL INFORMATION shall include, but shall not be limited to know-how and show-how information contained in the deliverables received by Company under this Contract ); and

any and all information disclosed in the invention disclosure(s) and in patent application(s) listed in Appendix A and included in the TTCIlc PATENT RIGHTS; and

design drawings, testing and operations information, processes and other information delivered to Company pursuant to \_\_\_\_\_ of this Contract; and

know-how, show-how and other information provided during design assistance and review and during technical consulting as provided for in \_\_\_\_\_ of this Contract; and

1.11 "LICENSED PRODUCT(S)" shall mean any device, material, \_\_\_\_\_, or other product:

the manufacture, use or sale of which would constitute, but for the license granted to the Company pursuant to this Contract, an infringement of a claim of TTCIlc PATENT RIGHTS (infringement shall include, but is not limited to, direct, contributory, or inducement to infringe); or

embodying, based substantially upon and/or derived primarily from TTCIlc COPYRIGHTED MATTER and/or TTCIlc TECHNICAL INFORMATION.

1.12 "LICENSED SERVICE(S)" shall mean the performance on behalf of a third party of any method including \_\_\_\_\_ or the manufacture or use of any product:

which would constitute, but for the license granted to the Company pursuant to this Contract, an infringement of a claim of the TTCIlc PATENT RIGHTS (infringement shall include, but not be limited to, direct, contributory or inducement to infringe);

embodying, based substantially upon and/or derived primarily from TTCIlc COPYRIGHTED MATTER and/or TTCIlc TECHNICAL INFORMATION.

1.13 "NET SALES", subject to Paragraph 4.8, below, shall mean gross sales revenues and fees billed by Company, AFFILIATED COMPANY and Company's sublicenses from the

sale of LICENSED PRODUCT(S) less trade discounts. In the event that Company, AFFILIATED COMPANY or Company's sublicensee sells a LICENSED PRODUCT(S) in combination with other components or as part of a larger device, the NET SALES for purposes of royalty payments shall be based on the sales revenues and fees received from the entire combination or device.

1.14 "NET SERVICE REVENUES", subject to Paragraph 4.9, below, shall mean actual billings for the performance of LICENSED SERVICE.

1.15 "NEW DISCOVERY" shall mean any invention, copyrighted matter or technical information that results from work under th this contract funded by the Company and made from the technology or expanded use of the technology , copyright and technical information.

1.16 VOID.

1.17 "SUBLICENSE REVENUES", shall mean consideration of any kind received by the Company from a sublicensee for sales of LICENSED PRODUCTS or for fees received, such as upfront fees or milestone fees and including any premium paid by the sublicensee over Fair Market Value for stock of the company in consideration for such sublicense; however, not included in SUBLICENSE REVENUES are amounts paid to the Company by the sublicensee for product development and research work performed by the Company, or third parties on its behalf. The term "Fair Market Value" as used in this paragraph shall mean the average price that the stock in questions is publicly trading at for sixty (60) days prior to the announcement of its purchase by the sublicensee or if the stock is not publicly traded, the value of such stock as determined by the most recent private financing of the Company.

1.18 "TERRITORY" shall mean the all areas that the Technology, Invention and or Copyright would be sold for profit.

### ARTICLE 3 - PATENT INFRINGEMENT

3.1 Each party will notify the other promptly in writing when any infringement by another is uncovered or suspected.

3.2 Company shall have the first right to enforce any patent or copyright within TTCllc INTELLECTUAL PROPERTY against any infringement or alleged infringement thereof, and shall at all times keep TTCllc informed as to the status thereof. Company may, in its sole judgment and at its own expense, institute suit against any such infringer or alleged infringer and control, settle, and defend such suit in a manner consistent with the terms and provisions hereof and recover, for its account, any damages, awards or settlements resulting therefrom, subject to Paragraph 3.4. This right to sue for infringement shall not be used in an arbitrary or capricious manner. TTCllc shall reasonably cooperate in any such litigation at Company's expense.

3.3 If Company elects not to enforce any patent within the TTCllc INTELLECTUAL PROPERTY, then it shall so notify TTCllc in writing within three (3) months of receiving notice that an infringement exists, and TTCllc may, in its sole judgment and at its own

expense, take steps to enforce any patent or copyright and control, settle, and defend such suit in a manner consistent with the terms and provisions hereof, and recover, for its own account, any damages, awards or settlements resulting therefrom.

3.4 Any recovery by Company under Paragraph 3.2 shall be deemed to reflect loss of commercial sales, and Company shall pay to TTCllc \_\_\_\_ percent (\_\_\_\_%) of the recovery net of all reasonable costs and expenses associated with each suit or settlement. If the cost and expenses exceed the recovery, then one-half (1/2) of the excess shall be credited against royalties payable by Company to TTCllc hereunder in connection with sales in the country of such legal proceedings, provided, however, that any such credit under this Paragraph 3.4 shall not exceed \_\_ percent (\_\_)% of the royalties otherwise payable to TTCllc with regard to sales in the country of such action in any one calendar year, with any excess credit being carried forward to future calendar years.

#### ARTICLE 4 - PAYMENTS, ROYALTY AND RESEARCH AND DEVELOPMENT SUPPORT

4.1 Company will reimburse TTCllc for the reasonable costs of preparing, filing, maintaining and prosecuting TTCllc PATENT RIGHTS. Company shall reimburse TTCllc within thirty (30) days of receipt of invoice from TTCllc.

4.2 The Company shall pay to TTCllc within thirty (30) days of the EFFECTIVE DATE of this Contract, the nonrefundable initial licensing fee of \$5000.00 Thousand Dollars (\$5,000) which shall not be credited against royalties or other fees.

4.3 The Company shall pay to TTCllc a \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_,000) annual advance towards royalty fee due within thirty (30) days of each anniversary of the EFFECTIVE DATE of this Contract. Such fees are nonrefundable.

4.4 For the term of this Contract, the Company shall pay to TTCllc a running royalty for each LICENSED PRODUCT sold, and for each LICENSED SERVICE provided, by the Company, AFFILIATED COMPANIES and Company's Sublicensees as follows:

Five percent (5%) of NET SALES and NET SERVICES if the particular LICENSED PRODUCT(S) or LICENSED SERVICES includes a feature covered by one or more then pending claims of a pending patent application included in TTCllc PATENT RIGHTS, or directly or contributorily infringing any valid and or claim(s) of a patent included in TTCllc PATENT RIGHTS, that is pending or issued and where that particular LICENSED PRODUCT(S) or LICENSED SERVICES are either produced, sold or otherwise disposed of. The royalty rate for each such product or service shall not exceed 5% even if the particular product or service contains features covered by more than one patent or patent application included in TTCllc PATENT RIGHTS. A royalty shall be

paid for any TECHNOLOGY, Copyright or Intellectual property licensed.

All such royalty payments shall be made quarterly as provided in Paragraph 4.6.

4.5 The following minimum annual royalties shall be due within thirty (30) days of the anniversary of the EFFECTIVE DATE (said minimum annual royalties shall be credited against running royalties):

4.6 The Company shall provide to TTCllc within thirty (30) days of the end of each March, June, September and December after the EFFECTIVE DATE of this Contract, a written report to TTCllc of the amount of LICENSED PRODUCTS sold, and LICENSED SERVICES sold, the total NET SALES and NET SERVICE REVENUES of such LICENSED PRODUCTS and LICENSED SERVICES, and the running royalties due to TTCllc as a result of NET SALES and NET SERVICE REVENUES by Company, AFFILIATED COMPANIES and sublicensees thereof. Payment of any such royalties due shall accompany such report. Until the Company, an AFFILIATED COMPANY or a sublicensee has achieved a first commercial sale of a LICENSED PRODUCT, a report shall be submitted at the end of every June and December after the EFFECTIVE DATE of this Contract and will include a full written report describing the Company's, AFFILIATED COMPANIES or sublicensee's technical efforts towards meeting the milestones in Article 6.

4.7 The Company shall make and retain, for a period of three (3) years following the period of each report required by Paragraph 4.6, true and accurate records, files and books of account containing all the data reasonably required for the full computation and verification of sales and other information required in Paragraph 4.6. Such books and records shall be in accordance with generally accepted accounting principles consistently applied. The Company shall permit the inspection and copying of such records, files and books of account by TTCllc or its agents during regular business hours upon ten (10) business days' written notice to the Company. Such inspection shall not be made more than once each calendar year. All costs of such inspection and copying shall be paid by TTCllc, provided that if any such inspection shall reveal that an error has been made in the amount equal to three percent (3%) or more of such payment, such costs shall be borne by the Company. The Company shall include in any Contract with its AFFILIATED COMPANIES or its sublicensees which permits such party to make, use or sell the LICENSED PRODUCT(S) or provide LICENSED SERVICES, a provision requiring such party to retain records of sales of LICENSED PRODUCT(S) and records of LICENSED SERVICES and other information as required in Paragraph 4.6 and permit TTCllc to inspect such records as required by this Paragraph 4.7.

4.8 In order to insure TTCllc the full royalty payments contemplated hereunder, the Company agrees that in the event any LICENSED PRODUCT shall be sold to an AFFILIATED COMPANY or sublicensee or to a corporation, firm or association with which Company shall have any Contract, understanding or arrangement with respect to

consideration (such as, among other things, an option to purchase stock or actual stock ownership, or an arrangement involving division of profits or special rebates or allowances) the royalties to be paid hereunder for such LICENSED PRODUCTS shall be based upon the greater of: 1) the net selling price at which the purchaser of LICENSED PRODUCTS resells such product to the end user, 2) the net service revenue received from using the LICENSED PRODUCT in providing a service, 3) the fair market value of the LICENSED PRODUCT or 4) the net selling price of LICENSED PRODUCTS paid by the purchaser. All sales and prices shall be communicated annually or at any change in the contract period.

4.9 All payments under this Contract shall be made in U.S. Dollars.

#### ARTICLE 5 - PATENT RIGHTS AND CONFIDENTIAL INFORMATION

5.1 TTCllc, at the Company's expense, shall file, prosecute and maintain all patents and patent applications specified under TTCllc PATENT RIGHTS upon authorization of the Company and the Company shall be licensed thereunder. Title to all such patents and patent applications shall reside at TTCllc and its respective clients and shall have full and complete control over all patent matters in connection therewith under the TTCllc PATENT RIGHTS. The Company will provide payment authorization to TTCllc at least one (1) month before an action is due, provided that the Company has received timely notice of such action from JHU/APL. Failure to provide authorization can be considered by TTCllc as a Company decision not to authorize an action. In any country where the Company elects not to have a patent application filed or to pay expenses associated with filing, prosecuting, or maintaining a patent application or patent.

5.2 Company agrees that all packaging containing individual LICENSED PRODUCT(S) sold by Company, AFFILIATED COMPANIES and sublicensees of Company will be marked with the number of the applicable patent(s) licensed hereunder in accordance with each country's patent laws.

5.3 If necessary, the parties will exchange information which they consider to be confidential. The recipient of such information agrees to accept the disclosure of said information which is marked as confidential at the time it is sent to the recipient, and to employ all reasonable efforts to maintain the information secret and confidential, such efforts to be no less than the degree of care employed by the recipient to preserve and safeguard its own confidential information. The information shall not be disclosed or revealed to anyone except employees of the recipient who have a need to know the information and who have entered into a secrecy Contract with the recipient under which such employees are required to maintain confidential the proprietary information of the recipient and such employees shall be advised by the recipient of the confidential nature of the information and that the information shall be treated accordingly. The recipient's obligations under this Paragraph 5.3 shall not extend to any part of the information:

that can be demonstrated at the time of possession to have been in the public domain or publicly known and readily available to the trade or the public prior to the date of the

disclosure; or

that can be demonstrated at the time of possession, from written records to have been in the recipient's possession or readily available to the recipient from another source not under obligation of secrecy to the disclosing party prior to the disclosure; or

that becomes part of the public domain or publicly known at the time of possession by publication or otherwise, not due to any unauthorized act by the recipient; or d. that is demonstrated from written records to have been developed by or for the receiving party without reference to confidential information disclosed by the disclosing party.

The obligations of this Paragraph 5.3 shall also apply to AFFILIATED COMPANIES and/or sublicensees provided such information by Company. TTCllc's, the Company's, AFFILIATED COMPANIES', and sublicensees' obligations under this Paragraph 5.3 shall extend until five (5) years after the termination of this Contract. Any information deemed to be non confidential at the time of disclosure as described in paragraph 5.3 must be conveyed at the time of disclosure or within five days ( 5) days or a reasonable time after disclosure.

#### ARTICLE 6 - TERM, MILESTONES AND TERMINATION

6.1 This Contract shall expire three years from the date of signing with an option to renew from the Effective Date of this Contract.

6.2 Company shall exercise best efforts to develop and commercialize the LICENSED PRODUCT(S) and LICENSED SERVICE(S) using good will and judgement. To this end, Company shall meet the following milestones:

-(date/task)

6.3 Upon breach or default of any of the terms and conditions of this Contract, the defaulting party shall be given written notice of such default in writing and a period of sixty (60) days after receipt of such notice to correct the default or breach. If the default or breach is not corrected within said sixty (60) day period, the party not in default shall have the right to terminate this Contract. Failure to meet any of the



milestones in paragraph 6.2 shall be considered a breach.

6.4 Company may terminate this Contract and the license granted herein, for any reason, upon giving TTCllc sixty (60) days written notice and paying all royalties due and royalties on inventory of product to be sold. All products must be sold within 60 days of termination.

6.5 Termination shall not affect TTCllc's right to recover unpaid royalties or fees or reimbursement for patent expenses incurred pursuant to Paragraph 4.1 prior to termination. Upon termination all rights in and to the licensed technology shall revert to TTCllc at no cost to TTCllc.

#### ARTICLE 7 - MISCELLANEOUS

7.1 All notices pertaining to this Contract shall be in writing and sent certified mail, return receipt requested, to the parties at the following addresses or such other address as such party shall have furnished in writing to the other party in accordance with this Paragraph 7.1:

FOR TTCllc:  
The Technology Center llc

PO Box 6315 Fall River, Ma. 02724

c/o Carl Conforti

FOR Company:

COMPANY

ADDRESS

c/o President of CEO