

# 201 What Every In-house Counsel Should Know About Technology Licensing

**Michael P. Chu**

*Partner*

Brinks Hofer Gilson & Lione-Intellectual Property Attorneys

**Isabella E. Fu**

*Senior Counsel*

Intel Corporation

**Jennifer Y. Liu**

*Director of Legal and Business Affairs*

Sony Computer Entertainment America Inc.

**Russell T. Wong**

Wong, Lutsch & Rutherford, P.C.

**Joseph D. Yao**

*Associate General Counsel*

Occidental Chemical Corporation

## Faculty Biographies

### Michael P. Chu

Michael P. Chu is a partner with Brinks Hofer Gilson & Lione, a law firm in Chicago that practices intellectual property law exclusively. Mr. Chu has litigated patent, trademark, copyright, and trade secret disputes at the trial and appellate levels throughout the country. Mr. Chu also serves domestic and international clients through the drafting of licensing agreements in all areas of intellectual property, and through the preparation and prosecution of patent applications relating to digital electronics, communications systems, business methods, mechanical systems, software applications, and internet subject matter. Mr. Chu also advises clients relating to infringement and non-infringement of patents, copyrights, and trademarks.

Mr. Chu holds a BS from the University of Illinois and a JD from the College of William and Mary, where he was the articles editor for the *William and Mary Law Review*.

### Isabella E. Fu

Isabella E. Fu is a senior counsel at Intel Corporation in Santa Clara, California. She focuses primarily on intellectual property litigation. She joined six years ago.

Prior to her work at Intel, Ms. Fu practiced at the law firms of Wilson, Sonsini, Goodrich and Rosati in Palo Alto, California, and Orrick, Herrington and Sutcliffe in San Francisco.

Ms. Fu received her AB from the Harvard-Radcliffe College and her JD from the Columbia University Law School.

### Jennifer Y. Liu

Jennifer Y. Liu is director of legal and business affairs of Sony Computer Entertainment America Inc. in Foster City, California, where she manages and directs all litigation matters.

Ms. Liu has previously served as a partner in the litigation department of Townsend and Townsend and Crew LLP. She was also an associate in the litigation department of Heller, Ehrman, White & McAuliffe. Ms. Liu was a research assistant at the University of Iowa College of Law and a legal assistant at O'Brien & O'Brien.

Ms. Liu is the cochair of the 2001 In-house Counsel Roundtable of the Asian American Bar Association of the Greater Bay Area; she also served as president of this same association last year. She is a member of the ABA and the California State Bar.

Ms. Liu received a BGS from the University of Michigan where she was a member of the ADARA, Senior Women's Honorary Society, elected at large, and a group facilitator of the Student Organization Development Center Student Leadership Conference. She received her JD with distinction from The University of Iowa College of Law where she was a

member of the *Iowa law Review*, an O.K. Patton Scholar, an Iowa Student Bar Association Elected Representative, the president-elect of the Asian American Law Students Association, a Staff Elected Representative of the Organization of Women Law Students, a University of Iowa College of Law Computer Committee Representative.

### **Russell T. Wong**

Russell T. Wong is a founding member of Wong, Lutsch & Rutherford, P.C. in Houston. The firm is involved in all aspects of intellectual property law, with an emphasis in patent practice, including patent litigation, licensing, counseling on patent portfolio development and value extraction, and patent prosecution. Mr. Wong is also counsel for Carbon Nanotechnologies, Inc. in Houston. He is responsible for intellectual property issues for the company.

Prior to founding Wong, Lutsch & Rutherford, P.C., Mr. Wong was associate general counsel, intellectual property law group for Compaq Computer Corporation, where his group was responsible for intellectual property matters for the corporation, including patent litigation, patent portfolio development, copyright and licensing issues. Prior to joining Compaq, Mr. Wong was a shareholder of Arnold, White & Durkee, where he practiced in all phases of intellectual property law with emphasis on patent litigation.

Mr. Wong is a member of various bar associations including the ABA, American Intellectual Property Law Association, Houston Bar Association, Asian American Bar Association of Houston, National Asian-Pacific American Bar Association, and the State Bar of Texas. Mr. Wong is a frequent speaker on IP topics, including patent licensing, business method patents, and standards activities.

Mr. Wong received a BS *cum laude* from Tulane University and a JD *cum laude* from the University of Houston Law Center.

### **Joseph D. Yao**

Joseph D. Yao is associate general counsel of Occidental Chemical Corporation in Houston. Mr. Yao handles all intellectual property matters for a joint venture limited partnership, including patent portfolio development, trademark issues, patent issues, and international licensing issues. Mr. Yao primarily assists a worldwide licensing group through the drafting of transactional agreements for the licensing of chemical processes and technologies to plant facilities in Europe, the Middle East, and Asia.

Prior to Occidental, Mr. Yao was counsel in the intellectual property law department of Exxon Chemical Company in Houston and a director of international negotiations for ARCO International Oil and Gas Company in Dallas.

Mr. Yao holds a bachelor of Mechanical Engineering from the General Motors Institute and a JD from the Detroit College of Law.

# A CHECKLIST FOR LICENSE AGREEMENTS

## 1. Introductory Clause

- Effective Date  
*(Date from which the Agreement becomes binding on the Parties. Can be substantially different from the date the Agreement is executed by the Parties.)*
  
- Parties  
*(Think about whether definitions should include subsidiaries, parents, sister companies, companies who may acquire or merge with one of the Parties.)*
  - Licensor
  - Licensee

## 2. Recitals

- Purpose of Agreement  
*(This may seem like a basic recital. Lawyers often give it short shrift. But this is an opportunity to craft in writing the intent of the parties. Don't pass it up.)*
  
- Facts leading up to the Agreement
  - What Licensor Owns
  - What Licensee Desires

## 3. Definitions

- Field of Agreement  
*(Territorial restrictions, restrictions on type of products or use or markets.)*
  
- Licensed Process or Product
  
- Know How or Technical Information
  
- Subsidiaries
  - Existing
  - After Acquired
  - Licensed Patents
    - Guillotine at end of term
    - Broad enough to cover divisionals, C-I-Ps, Continuations, etc.

## 4. Grant of Rights

- Exclusive or Nonexclusive or Sole
  
- Make Use or Sell or Have Made
  
- Sublicense
  - Inadvertent Licensees
    - Competitors of customer/licensee may enjoy benefits of license to supplier without giving up any patent rights
  
- Revocable or Irrevocable

- Transferable or Non Transferable
- Grant Back
- Improvements  
*(Who has the right to improvements, including rights to file and prosecute patents, ownership of trade secrets, derivative works.)*
- Patent Only and/or Know How

#### **5. Technical Information (Know-How)**

- How and when will Technical Information be provided to licensee  
*(May intersect with Confidentiality obligations; format in which technical information is provided or kept may create security concerns.)*
- Territorial and product limitations on use of information  
*(See Limited Use under paragraph 9 below.)*
- Confidentiality obligations  
*(See paragraph 9 below.)*
- Right to use Technical Information of Licensee and right to make such Technical Information available to Affiliates, contractors and licensees, all without accounting to Licensee

#### **6. Technology Exchange**

- Transfer of Information and Improvement Information
- Period of Exchange
- Right to Use Improvement Information

#### **7. Technical Assistance**

- Who Will Provide the Assistance  
*(Consider identification of specific employees or departments.)*
- Costs of the Assistance and Expenses Incurred Therein  
*(Who bears the burden; these can be significant; consider dividing them up according to which party benefits most from the assistance that incurs the cost.)*

#### **8. Technology License Restrictions**

- Tainting of technical resources
- Tainting of technology pool/designs
- Obligations to segregate designs and technology

## 9. Confidentiality

- Nondisclosure  
*(Make sure the term here is at least as strict as your company's stand-alone nondisclosure agreement [“NDA”]. Consider physical restrictions on where technical information is kept and how maintained, consider limitations on number of, or requirement for listing of, personnel with access to information.)*
- Limited Use  
*(Define scope of use to maintain control over technical information.)*
- Third Party Contractors  
*(Require that third party contractors also sign NDAs; require procedures for identification of and/or consent to particular third party contractors.)*
- U.S. Export Limitations

## 10. Consideration

- Lump Sum Paid Up Royalty
- Running Royalty
- Minimum Royalty
- Cross License
- U.S. Dollars
- Taxes and Other Charges  
*(International taxes may be substantial and may apply in a variety of circumstances; consider who shoulders royalty or withholding taxes.)*

## 11. Reporting and Payment

- To Whom Payments are to be Made
- Right of Audit
- Method of Payment
- Royalty Reports
  - How much information is really needed?
  - Obligation to furnish reports
  - Periodic Reporting*(Can be costly and burdensome for licensee; consider ways to reduce burden and cost)*

**12. Audits**

- Who will conduct audit
- Who will pay for audit
- What are the ground rules for conducting audit

**13. Performance Warranties/Guarantees**

- Licensee Responsibilities
- Test Run Procedure
- Remedies  
*(Minimally indemnification in case of breach.)*

**14. Liability Indemnification and Insurance**

- Division of Liability and Indemnification between Parties  
*(Licensor to indemnify for use of licensed product, process; licensee to indemnify for use of finished good, mutual indemnification for breach of representations and warranties.)*
- Insurance Requirements
- Patent Indemnities (Complete or Partial)
  - Obligation to defend/notify of claim
  - Obligation to pay damages and royalties
  - Obligation to replace product if license can't be obtained

**15. Term, Termination and Default**

- Duration of License
- Default, Termination if Uncured After Notice
- Effect of Termination on Some Obligations
  - Payment and Confidentiality  
*(Confidentiality obligations typically remain in place despite termination of agreement)*
- Bankruptcy Considerations  
*(Outcome should either party declare bankruptcy; reversion of license in case of licensee; continuation of license in case of licensor.)*

**16. General**

- Assignment  
*(Think about whether the license agreement is entered because of the particular reputation, capabilities or experience of the licensee; restriction of assignment may be appropriate; consider also restriction of assignment if assignment is to successor who may also be competitor of licensor.)*

- Governing Law/Choice of Law
- Venue
- Arbitration  
*(Consider costs of arbitration; who pays attorneys fees; how arbitrator is to be selected; whether arbitration is binding.)*
- Amendments
- Waivers
- Severability
- Force Majeure
- Governmental Approval  
Or Regulation  
*(For all three of the above, provide for outcome if the license agreement is invalidated or restricted, whether by a court, governmental agency or externalities.)*
- Entire Agreement  
*(Typical contract term providing for integration of agreement.)*
- Notices  
*(Typical contract term identifying persons or departments for each party who are to be provided any notices under the license agreement.)*
- Export Regulations
- Counterparts  
*(Typical contract term providing that the license agreement may be executed in subparts.)*
- Independent Contractor
- Titles/Headings  
*(Typical contract term providing that titles and headings should not be construed as substantive.)*
- Authorization of Signers  
*(Representation that persons signing for the parties are authorized to do so.)*
- Most Favored Licensee

**17. Trademark Considerations**

- License to OEM supplier  
*(Licensee will want to ensure these rights.)*
- Indemnification for infringement of 3<sup>rd</sup> party marks
- Restrictions concerning use of third party marks in advertising materials

**18. Copyright License Issues**

- Source Code Escrow
- Rights to implement/use software  
*(If licensee is allowed to modify software, must consider creation and ownership of derivative works and licenses pertaining to those works.)*
- Grant back of patent license
  - Right to grant sublicenses  
*(Required with regards to licensee's end-users, if any; but distinguish between sublicenses to end-users vs. other types of competitive sublicenses.)*
- Does license include future versions/releases

## Mock Negotiations Facts and Fiction

Our story begins in the peaceful valley of technology and silicon, where our hero **LICENSOR** with its trusty **Licensed Product(s)**, is trying to help all of mankind, including Licensee, for a **fee**. All **LICENSEE** need do is agree to **LICENSOR**'s terms and conditions and execute the **AGREEMENT**. Listed below are the definitions of our capitalized terms in the **AGREEMENT** and some additional facts:

- **Licensed Product(s)** - a processing software package with modules that will be customized for specific tasks for the **LICENSEE**.
- **LICENSOR** - a large, established Software Company that is a leader in the industry with a staff that will provide technical assistance for software module customization.
- **LICENSEE** - a large manufacturing company that has multiple plant facilities in need of Licensed Product(s) and custom modules for efficiency improvements for significant cost savings.
- **LICENSE** - a company-wide, multiple site license with technical assistance for module customization.
- This **LICENSE** potentially represents significant revenue to **LICENSOR**.
- This **LICENSE** potentially represents efficiency improvements that translate to significant cost savings to **LICENSEE**.

## **SOFTWARE LICENSE AND PROFESSIONAL SERVICES AGREEMENT**

This AGREEMENT dated as of \_\_\_\_\_ by and between Licensor, ABC COMPANY, having a place of business at \_\_\_\_\_ ("LICENSOR") and LICENSEE, XYZ CORPORATION, INC., having a place of business at \_\_\_\_\_ ("LICENSEE").

WHEREAS, LICENSOR has developed or acquired certain patent and registered copyright rights in various countries relating to certain software programs, and has the right to license others under such rights;

WHEREAS, LICENSEE desires to acquire a license under the patents and the copyrights to use LICENSOR's software programs; and

WHEREAS, in connection with such license, LICENSEE desires to receive technical assistance and consulting services from the LICENSOR.

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, LICENSOR and LICENSEE agree as follows:

### **1. Definitions**

- 1.1 As used herein, "Licensed Copyrights" shall mean those U.S. copyright registrations listed in Exhibit A.
- 1.2 As used herein, "Licensed Patents" shall mean those U.S. patents listed in Exhibit B to this Agreement and all foreign counterpart patents, including any reissue patents, extensions, or reexamination certificates granted thereon.
- 1.3 As used herein, "Licensed Product(s)" shall mean any software programs used by LICENSEE or its licensed subsidiaries that is provided by LICENSOR to LICENSEE hereunder and which is covered in whole or in part by the Licensed Copyrights and/or one or more of the Subsisting Claims of the Licensed Patents.
- 1.4 As used herein, "Subsidiary" shall mean a corporation, company or other entity more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, now or hereafter, owned or controlled, directly or indirectly, by a party hereto, but such corporation, company, or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

**LICENSOR'S ORIGINAL VERSION**

- 1.5 As used herein, "Subsisting Claim" shall mean a claim of a Licensed Patent that has not been cancelled, disclaimed, expired, or held invalid by a final judgment from which no further appeal can be taken.

**2. License Grant**

- 2.1 LICENSOR hereby grants to the LICENSEE, subject to the terms and conditions of this Agreement, a nonexclusive, nontransferable, nonassignable and perpetual license to use the Licensed Products and documentation obtained pursuant to this Agreement solely for its own business purposes. No license to distribute, modify, or reproduce the Licensed Products is granted, except as explicitly set forth in Sections 2.2 and 4.1.
- 2.2 The LICENSEE may make two (2) copies of the Licensed Products for archival or backup purposes. All archival and backup copies are subject to the provisions of this Agreement and all titles, trademarks, and copyright and restricted rights notices shall be reproduced in such copies.

**3. License Restrictions**

- 3.1 A Licensed Product may be transferred to another LICENSEE location within the United States and Canada upon written notice to LICENSOR. An additional license fee will be due for a transfer of any Licensed Product to a client environment or server environment not previously licensed by the LICENSEE.
- 3.2 LICENSEE shall not cause or permit the reverse engineering, disassembly, or decompilation of the Licensed Products.

**4. Extension of License to Subsidiaries**

- 4.1 The license granted herein shall include the right of LICENSEE to sublicense only to its Subsidiaries. Each Subsidiary so sublicensed shall be bound by the terms and conditions of this Agreement (except to the extent that the obligations of such terms and conditions are fulfilled on its behalf by LICENSEE) as if it were named herein in place of LICENSEE. Any sublicense granted to a Subsidiary shall terminate on the date such sublicensed Subsidiary ceases to be a

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Subsidiary of the LICENSEE, or this Agreement is terminated under any of the provisions in this Agreement, whichever is the earlier.

**5. Royalties**

- 5.1 In consideration of the license granted hereunder, LICENSEE shall pay to LICENSOR promptly upon execution of this Agreement the sum of two million dollars (\$2,000,000.00 U.S.), which amount shall not be refunded to LICENSEE because of any condition precedent or condition subsequent.

**6. Term of Agreement; Termination**

- 6.1 This Agreement and license shall become effective upon execution by both parties (hereinafter referred to as the "Effective Date") and continue in effect thereafter unless terminated under Section 6.2.
- 6.2 Either party shall have the right to terminate this Agreement forthwith by written notice to the other party in the event that either party is in breach of any term or obligation hereunder and, following written notice given by a party identifying such breach, the other party fails to remedy that breach or, where the breach is incapable of remedy, the other party fails to make amends to the non-breaching party's satisfaction within a period of sixty (60) days beginning with the date of said notice.

**7. Technical Assistance**

- 7.1 LICENSOR agrees to make available to LICENSEE all necessary technical information, but excluding source code and object code, to support development of improvements in relation to the use of the Licensed Products. However, LICENSEE is not licensed to, and shall not, make any modifications to the Licensed Products.
- 7.2 Upon written request of LICENSEE, this technical information hereto shall be made available to LICENSEE throughout the term of this License under suitable arrangements regarding confidentiality.
- 7.3 LICENSOR agrees to provide to LICENSEE certain training, reports, and other assistance (hereinafter referred to as "Technical Assistance") in connection with making LICENSOR technical information available to LICENSEE and its contractors and such Technical Assistance to be provided hereunder is set forth in Attachment \_\_\_\_\_ hereof.

**LICENSOR'S ORIGINAL VERSION**

- 7.4 Recognizing that LICENSOR may be exposed to LICENSEE confidential technical information and/or third party software and related materials, in the course of performing under this Agreement and in providing Technical Assistance, LICENSOR agrees to use the same degree of care that it uses with its own proprietary information of similar character to not disclose or use, except in the performance of services hereunder, confidential business or technical information that LICENSEE may disclose in conjunction with this Agreement or that LICENSOR may be exposed to as a result of entering LICENSEE's property to perform hereunder, or in the provision of Technical Assistance. While on LICENSEE's premises, LICENSOR agrees to comply with Licensee's safety and security rules, prohibition against drugs and alcohol, and other regulations.

**8. Ownership of Software and Other Improvements**

- 8.1 LICENSEE acquires only the right to use the Licensed Products and documentation, and does not acquire any rights of ownership. All rights, title, and interest in and to the Licensed Products and documentation, including without limitation all intellectual property rights therein, shall at all time remain with LICENSOR.
- 8.2 Applications and other software that LICENSEE develops using the Licensed Products, and all changes or modifications to such applications and other software (collectively "Developments and Improvements") will be the sole property of LICENSOR.
- 8.3 All notes, notebooks, designs, drawings, models, writings, reports, sketches, formulas, specifications, memoranda, documentation, ideas, know-how, techniques or other intellectual property, including without limitation, any information, computer programs, software or other associated intangible property, network configuration, formulae, product, device, system, technique, drawing, program or process, and all derivative works thereof, developed by LICENSEE or LICENSOR which is based on the Licensed Products and which is developed pursuant to the Agreement shall be the sole property of LICENSOR ("New IP"). LICENSEE will have a license to such New IP under the same terms and conditions that Licensed Products are licensed hereunder.

**9. INDEMNITY FOR INFRINGEMENT**

**LICENSOR'S ORIGINAL VERSION**

- 9.1 Except as limited by 9.4 below, LICENSOR will defend and indemnify the Licensee against all costs, claims, damages or liabilities (including reasonable attorneys fees) arising from claims and judicial or governmental determinations that Licensed Products furnished and used within the scope of this Agreement infringe or misappropriate any United States copyright, United States patent, trade secret, trademark or any other intellectual property rights, provided that (i) the Licensee notifies LICENSOR in writing within 30 days of the claim, (ii) LICENSOR has sole control of the defense and all related settlement negotiations, and (iii) the Licensee provides LICENSOR with the assistance, information, and authority necessary to perform the above; reasonable out-of-pocket expenses incurred by the Licensee in providing such assistance will be reimbursed by LICENSOR. However without LICENSEE's prior written consent, LICENSOR shall not settle or compromise any such claim, suit or proceeding if settlement or compromise obliges LICENSEE to make payments, part with any property, assume any obligation, grant any license or other rights, or be subject to any injunction by reason of such settlement or compromise.
- 9.2 LICENSOR shall have no liability for any claim of infringement based on (i) use of a Licensed Product if such infringement would not have occurred but for modifications the LICENSOR makes based on LICENSEE's request or (ii) the combination, operation, or use of any Licensed Products furnished under this Agreement with programs or data not furnished by LICENSOR if such infringement would have been avoided by the use of the Licensed Products without such programs or data.
- 9.3 In the event the Licensed Products are held, or are believed by LICENSOR, to infringe or use of the Licensed Products is enjoined, LICENSOR may, at its sole option, and at its expense, (i) modify the Licensed Products to be non-infringing, (ii) obtain for the LICENSEE a license to continue using the Licensed Products, (iii) substitute the Licensed Products with other software reasonably suitable to Licensee, or (iv) terminate the license for the infringing Licensed Products and refund the license fees paid for those Licensed Products. This Section 9.3 states LICENSOR's entire liability for infringement.
- 9.4 Total liability of LICENSOR to LICENSEE under this Agreement shall be limited to one hundred percent (100%) of the amount having actually been paid by LICENSEE to LICENSOR under this

**LICENSOR'S ORIGINAL VERSION**

Agreement. LICENSEE releases LICENSOR from all obligations, liability, claims, or demands in excess of this limitation.

**10. Warranties of LICENSOR**

- 10.1. Except as stated below, for each license granted herein LICENSOR warrants that it is the owner of Licensed Products and has the right to license such items to the LICENSEE, and that each Licensed Product will perform the functions described in the associated Documentation when operated on the specified platform for a period of 30 days from the date of shipment of such Licensed Product to LICENSEE.
- 10.2 LICENSOR does not warrant that each Licensed Product will meet LICENSEE's requirements, that the Licensed Products will operate in the combinations which LICENSEE may select for use or with all non-LICENSOR software used by LICENSEE, that the operation of each Licensed Product will be uninterrupted or error-free, or that all Licensed Product errors will be corrected. LICENSOR will undertake to correct any reported error condition in accordance with its then-current Standard Technical Support policies. LICENSOR shall have no obligation to undertake correction of errors caused by LICENSEE modifications to the Licensed Product. LICENSEE's sole and exclusive remedy for Licensed Product nonconformity shall be recovery of the license fees paid to LICENSOR for such nonconforming Licensed Product.
- 10.3 LICENSOR warrants that the Licensed Products are totally free from any self-destruction mechanism, hidden files, encrypted imbedded keys unknown to LICENSEE or any copy-protection scheme which interferes with LICENSEE's abilities to exercise its rights and privileges under this Agreement or other computer operations of the LICENSEE.

**11. Notices and Other Communications**

Any notice or other communication required or permitted to be made or given to either party shall be sufficiently made or given on the date of mailing if sent to such party by registered or certified mail (sent air mail or otherwise by the fastest service available) postage pre-paid, addressed to a party at its address set forth below, or to such other address as the party may designate by written notice given to the other party. Any such notice or communication shall otherwise be sufficiently made or given by other means provided that its

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receipt by the receiving party is confirmed and not contested by the receiving party.

In the case of LICENSEE:

In the case of LICENSOR:

**12. Assignments**

LICENSOR agrees not to assign any of the Licensed Patents to an unrelated third party unless such assignment is made subject to the terms and conditions of this Agreement and unless prior written consent is obtained from LICENSEE, which consent will not be unreasonably withheld. LICENSEE shall not assign any of its rights or privileges under this Agreement without the prior written consent of LICENSOR, which consent will not be unreasonably withheld. Neither party need secure the consent of the other in the event of assignment to a successor in ownership of all or substantially all of the assets of the assigning party. However, notwithstanding the foregoing, any assignment by LICENSEE to an entity which expands materially the use of the LICENSED PRODUCTS, either geographically or in terms of user, shall be subject to the payment of additional royalties to LICENSOR. The successor shall expressly assume in writing the performance of all of the terms and conditions of this Agreement to be performed by the successor as if it were named herein in place of assignor. Any attempted assignment in derogation of the foregoing shall be void.

**13. Choice of Law**

This Agreement shall be construed, and the legal relationships between the parties hereto shall be determined in accordance with, the laws of the State of [LICENSOR's principal place of business], United States of America. The parties also expressly submit to the jurisdiction of the courts of the State of [LICENSOR's principal place of business] for resolution of litigation relating to this Agreement.

**14. Miscellaneous**

LICENSOR and LICENSEE specifically agree that in no event shall either party be liable for special, incidental or consequential damages.

**LICENSOR'S ORIGINAL VERSION**

No amendment or modification of this Agreement shall be valid or binding upon the parties unless made in writing and signed by or on behalf of the party against whom enforcement is sought.

This Agreement embodies the entire understanding of the parties and shall supersede all previous communications, representations, or understandings, either oral or written, between the parties relating to the subject matter hereof.

**15. Confidentiality**

Both LICENSOR and LICENSEE and their related entities and Subsidiaries shall keep all terms of this Agreement CONFIDENTIAL from third parties unless approval is obtained in writing from both parties. However, the existence of this Agreement, the Licensed Patent numbers, and the parties may be disclosed.

IN WITNESS WHEREOF, the parties intending to be legally bound, have caused this Agreement to be duly executed as follows:

ABC COMPANY

XYZ CONSULTANTS, INC.

\_\_\_\_\_  
By:

By:

\_\_\_\_\_  
Title:

Title:

Title:

Date:

Date:

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION****SOFTWARE LICENSE AND PROFESSIONAL SERVICES AGREEMENT**

This AGREEMENT dated as of \_\_\_\_\_ by and between Licensor, ABC COMPANY, having a place of business at \_\_\_\_\_ ("LICENSOR") and LICENSEE, XYZ CORPORATION, INC., having a place of business at \_\_\_\_\_ ("LICENSEE").

WHEREAS, LICENSOR has developed or acquired certain patent and registered copyright rights in various countries relating to certain software programs, and has the right to license others under such rights;

WHEREAS, LICENSEE desires to acquire a license under the patents and the copyrights to use LICENSOR's software programs; and

WHEREAS, in connection with such license, LICENSEE desires to receive technical assistance and consulting services from the LICENSOR.

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, LICENSOR and LICENSEE agree as follows:

**1. Definitions**

- 1.1 As used herein, "Licensed Copyrights" shall mean those U.S. copyright registrations listed in Exhibit A.
- 1.2 As used herein, "Licensed Patents" shall mean those U.S. patents listed in Exhibit B to this Agreement and all foreign counterpart patents, including any reissue patents, extensions, or reexamination certificates granted thereon.
- 1.3 As used herein, "Licensed Product(s)" shall mean any software programs used by LICENSEE or its licensed subsidiaries that is provided by LICENSOR to LICENSEE hereunder and which is covered in whole or in part by the Licensed Copyrights and/or one or more of the Subsisting Claims of the Licensed Patents.
- 1.4 As used herein, "Subsidiary" shall mean a corporation, company or other entity more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, now or hereafter, owned or controlled, directly or indirectly, by a party hereto, but such corporation, company, or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

1.5 As used herein, "Subsisting Claim" shall mean a claim of a Licensed Patent that has not been cancelled, disclaimed, expired, or held invalid by a final judgment from which no further appeal can be taken.

**2. License Grant**

This makes sense and is in most other licenses. This must be transferable.

2.1 LICENSOR hereby grants to the LICENSEE, subject to the terms and conditions of this Agreement, a nonexclusive, nontransferable, nonassignable and perpetual license to use the Licensed Products and documentation obtained pursuant to this Agreement solely for its own business purposes. No license to distribute, ~~modify~~, or reproduce the Licensed Products is granted, except as explicitly set forth in Sections 2.2, 2.4 and 4.1. This license, however, is assignable and transferable to Subsidiaries of Licensee.

We really need the ability to make more copies. We have many distant locations and a large number of servers.

2.2 The LICENSEE may make up to ten (10) ~~two (2)~~ copies of the Licensed Products for archival or backup purposes. All archival and backup copies are subject to the provisions of this Agreement and all titles, trademarks, and copyright and restricted rights notices shall be reproduced in such copies.

Basic license language that we need for a valid license.

2.3 LICENSOR agrees not to assert any claim of infringement of any of the Licensed Patents or Licensed Copyrights against LICENSEE or its sublicensed Subsidiaries with respect to any Licensed Products for which the applicable royalty is paid pursuant to this Agreement.

We need the right to modify the products, especially if LICENSOR ceases to exist in the future.

2.4 The LICENSEE shall have the right to modify the Licensed Products.

2.5 LICENSOR, on behalf of itself, its Subsidiaries, and all of its predecessors entitled to or having beneficial interest in or to the Licensed Patents hereby irrevocably release LICENSEE, its Subsidiaries that are Subsidiaries as of the Effective Date of this Agreement, and its and their respective LICENSEES and suppliers, mediate and immediate, from any and all claims of infringement of any of Licensed Patents, which claims have been made or which might be made at any time with respect to any apparatus made or sold by or for LICENSEE or its Subsidiaries before the Effective Date of this Agreement, which apparatus would have been a Licensed Product had it been, respectively, so made or sold or so practiced after the Effective Date of this Agreement.

We need release from past infringement. This is another common provision.

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION****3. License Restrictions**

- 3.1 A Licensed Product may be transferred to another LICENSEE location within the United States and Canada upon written notice to LICENSOR. An additional license fee will be due for a transfer of any Licensed Product to a client environment or server environment not previously licensed by the LICENSEE.
- 3.2 LICENSEE shall not cause or permit the reverse engineering, disassembly, or decompilation of the Licensed Products.

**4. Extension of License to Subsidiaries**

- 4.1 The license granted herein shall include the right of LICENSEE to sublicense only to its Subsidiaries. Each Subsidiary so sublicensed shall be bound by the terms and conditions of this Agreement (except to the extent that the obligations of such terms and conditions are fulfilled on its behalf by LICENSEE) as if it were named herein in place of LICENSEE. Any sublicense granted to a Subsidiary shall terminate on the date such sublicensed Subsidiary ceases to be a Subsidiary of the LICENSEE, or this Agreement is terminated under any of the provisions in this Agreement, whichever is the earlier.

**5. Royalties**

- 5.1 In consideration of the license granted hereunder, LICENSEE shall pay to LICENSOR promptly upon execution of this Agreement the sum of two million dollars (\$2,000,000.00 U.S.), which amount shall not be refunded to LICENSEE because of any condition precedent or condition subsequent.

**6. Term of Agreement; Termination**

- 6.1 This Agreement and license shall become effective upon execution by both parties (hereinafter referred to as the "Effective Date") and continue in effect thereafter unless terminated under Section 6.2.
- 6.2 Either party shall have the right to terminate this Agreement forthwith by written notice to the other party in the event that either party is in breach of any term or obligation hereunder and, following written notice given by a party identifying such breach, the other party fails to remedy that breach or, where the breach is incapable of remedy, the other party fails to make amends to the non-breaching party's satisfaction within a period of sixty (60) days beginning with the date of said notice.

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION****7. Technical Assistance**

We changed this in Section 2 above.

- 7.1 LICENSOR agrees to make available to LICENSEE all necessary technical information, but excluding source code and object code, to support development of improvements in relation to the use of the Licensed Products. ~~However, LICENSEE is not licensed to, and shall not, make any modifications to the Licensed Products.~~
- 7.2 Upon written request of LICENSEE, this technical information hereto shall be made available to LICENSEE throughout the term of this License under suitable arrangements regarding confidentiality.
- 7.3 LICENSOR agrees to provide to LICENSEE certain training, reports, and other assistance (hereinafter referred to as "Technical Assistance") in connection with making LICENSOR technical information available to LICENSEE and its contractors and such Technical Assistance to be provided hereunder is set forth in Attachment \_\_\_\_\_ hereof.
- 7.4 Recognizing that LICENSOR may be exposed to LICENSEE confidential technical information and/or third party software and related materials, in the course of performing under this Agreement and in providing Technical Assistance, LICENSOR agrees to use the same degree of care that it uses with its own proprietary information of similar character to not disclose or use, except in the performance of services hereunder, confidential business or technical information that LICENSEE may disclose in conjunction with this Agreement or that LICENSOR may be exposed to as a result of entering LICENSEE's property to perform hereunder, or in the provision of Technical Assistance. While on LICENSEE's premises, LICENSOR agrees to comply with Licensee's safety and security rules, prohibition against drugs and alcohol, and other regulations.

**8. Ownership of Software and Other Improvements**

- 8.1 LICENSEE acquires only the right to use the Licensed Products and documentation, and does not acquire any rights of ownership. All rights, title, and interest in and to the Licensed Products and

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

This section is not fair to Licensee. Licensee believes that it should have ownership rights in software products developed on its own using the Licensed Products, especially since it has paid for the developments.

documentation, including without limitation all intellectual property rights therein, shall at all time remain with LICENSOR.

~~8.2 Applications and other software that LICENSEE develops using the Licensed Products, and all changes or modifications to such applications and other software (collectively "Developments and Improvements") will be the sole property of LICENSOR.~~

~~8.3 All notes, notebooks, designs, drawings, models, writings, reports, sketches, formulas, specifications, memoranda, documentation, ideas, know-how, techniques or other intellectual property, including without limitation, any information, computer programs, software or other associated intangible property, network configuration, formulae, product, device, system, technique, drawing, program or process, and all derivative works thereof, developed by LICENSEE or LICENSOR which is based on the Licensed Products and which is developed pursuant to the Agreement shall be the sole property of LICENSOR ("New IP"). LICENSEE will have a license to such New IP under the same terms and conditions that Licensed Products are licensed hereunder.~~

Section is too vague and does not adequately give Licensee ownership rights it should have. See modifications in new sections below.

Licensee wants these provisions in because Licensee has paid for use of the Licensed Products, and would have developed their own improvements in this case.

8.2 Applications and other software that LICENSEE develops using the Licensed Products, and all changes or modifications to such applications and other software (collectively "Developments and Improvements"), will be the sole property of LICENSEE. LICENSOR will have a license to such Developments and Improvements under the same terms and conditions that Licensed Products are licensed to LICENSEE hereunder. All ideas, know-how, techniques or other intellectual property rights originated, developed or owned by the LICENSEE prior to the commencement of this Agreement shall be the sole property of LICENSEE. Ideas, know-how, techniques or other intellectual property developed by LICENSEE during the term of the Agreement and which is based on the Licensed Products and which would compete with the Licensed Products if available to the marketplace ("New IP") shall be the sole property of LICENSOR. LICENSEE will have a license to such New IP under the same terms and conditions that Licensed Products are licensed hereunder.

We do have a provision that gives Licensor ownership of competing improvements; however, there is a requirement for a license back to Licensee.

Licensee wants to make sure that all of its prior technology is clarified to be their own, and also that all independently developed products and derivative works thereof remain Licensee's exclusive property.

8.3 LICENSEE retains all rights, title and interest in and to all software, programming documentation, technical ideas, concepts, know-how, inventions, discoveries, improvements, techniques and all related intellectual property rights, created, conceived and developed by LICENSEE prior to the commencement of this Agreement, (the "LICENSEE Prior Technology"). All right, title, and interest in and to all derivative works, enhancements, extensions and modifications of

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

or related to the LICENSEE Prior Technology or other products developed in whole or in part by LICENSEE and not based upon, in whole or in part, the Licensed Products, including without limitation all intellectual property rights therein of (the "Developed Technology") shall be the sole property of LICENSEE whether developed by LICENSEE or any other party in performing the Professional Services or otherwise. Any such derivative works, enhancements, extensions, and modifications based upon, in whole or in part, the Licensed products shall be the sole property of LICENSOR and shall be licensed to LICENSEE under the same terms and conditions as New IP described in Section 8.2 above. All ideas, know-how, techniques or other intellectual property rights originated, developed or owned by LICENSOR prior to the commencement of this Agreement (the "LICENSOR Prior Technology") and ideas, know-how, techniques or other intellectual property, excluding the Developed Technology, developed solely by LICENSOR during the term of the Agreement and not within the services specified herein shall be the sole property of LICENSOR.

Here Licensee also ensures that Licensor will retain rights in Licensor's Prior Technology – the technology developed before the signing of this Agreement.

Licensee wants possession of all written materials prepared by Licensor in connection with this project. Software is no good to Licensee in this case without documentation and development records.

**8.4** LICENSOR agrees that all notes, notebooks, designs, drawings, models, writings, reports, sketches, formulas, specifications, memoranda, computer source code and documentation and other data prepared and/or produced by LICENSOR in the performance of this Agreement and which are specific to the business of LICENSEE and all derivative works thereof are the sole property of LICENSEE and are assigned to and shall become the sole property of LICENSEE, including all rights therein of whatever kind or nature, and LICENSOR agrees not to disclose same to any other person, firm or corporation. Upon termination of its work on the project, or upon the termination or expiration of this Agreement, LICENSOR agrees to promptly deliver to LICENSEE all documents and other records which relate to the business activities of LICENSEE, and all other materials which belong to LICENSEE.

Since Licensee has paid for this project, Licensee wants to make it clear that Licensee will own all inventions and all intellectual property connected therewith, including patents (and/or unpatented inventions), copyrights, or other tangible ideas. This expands on 8.2 above.

**8.5** LICENSOR agrees and does hereby assign to LICENSEE as its exclusive property, its entire right, title and interest in those inventions, innovations or ideas developed or conceived by it solely or jointly with others, during the term of its work for or at LICENSEE, which inventions, innovations or ideas relate solely to the products, processes, developments, research activities, or other business activities of LICENSEE, or result from or are suggested by, work which it may perform at or for LICENSEE and relate solely to LICENSEE's business. All rights, title and interest in such inventions shall be vested in LICENSEE immediately upon such development or conception. LICENSOR further agrees that, when requested,

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

LICENSOR will without charge to LICENSEE, but at LICENSEE 's expense, sign all papers, take all rightful oaths, and do all acts which may be necessary, desirable or convenient for securing and maintaining the patents, copyrights and legal protection for inventions or innovations in any and all countries and for vesting title in LICENSEE, its successors, assigns, and legal representatives or nominees.

- 8.6 If LICENSOR, during the course of performing the Technical Assistance for the LICENSEE, discovers, invents, or produces, without limitation, any information, computer programs, software or other associated intangible property, network configuration, formulae, product, device, system, technique, drawing, program or process which is a "trade secret" within the meaning of the Uniform Trade Secrets Act (irrespective of where LICENSOR performs the Services) and which relates solely to the business of LICENSEE, such information, formulae, product, device, system, technique, drawing, program or process shall be assigned to the LICENSEE. LICENSOR agrees to fully cooperate with the LICENSEE in protecting the value and secrecy of any such trade secret, and further agrees to execute any and all documents the LICENSEE deems necessary to document any such assignment to the LICENSEE. LICENSOR appoints the LICENSEE as its attorney-in-fact to execute any documents the LICENSEE may deem necessary that relates to any such trade secret or assignment thereof to the LICENSEE.

This provides more detail and requirements in connection with trade secrets. Trade secrets are important to Licensee's business given the expense and questionable scope of patent protection in this particular area.

## 9. INDEMNITY FOR INFRINGEMENT

- 9.1 ~~Except as limited by 9.4 below, LICENSOR will defend and indemnify the Licensee against all costs, claims, damages or liabilities (including reasonable attorneys fees) arising from claims and judicial or governmental determinations that Licensed Products furnished and used within the scope of this Agreement infringe or misappropriate any United States copyright, United States patent, trade secret, trademark or any other intellectual property rights, provided that (i) the Licensee notifies LICENSOR in writing within 30 days of the claim, (ii) LICENSOR has sole control of the defense and all related settlement negotiations, and (iii) the Licensee provides LICENSOR with the assistance, information, and authority necessary to perform the above; reasonable out-of-pocket expenses incurred by the Licensee in providing such assistance will be reimbursed by LICENSOR. However without LICENSEE's prior written consent, LICENSOR shall not settle or compromise any such claim, suit or proceeding if~~

Not detailed enough. To the extent we can, parties should anticipate indemnification situations. We set out more detail in additions below.

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This is important to us because your software will be used to process our data or data from customers. This data will not be "furnished" by the LICENSOR, so theoretically all uses of the software might fall under this section and allow you to have no liability. However, since we already know the *kind* of data that the software will be used with, we can identify it now.

~~settlement or compromise obliges LICENSEE to make payments, part with any property, assume any obligation, grant any license or other rights, or be subject to any injunction by reason of such settlement or compromise.~~

9.19.2 LICENSOR shall have no liability for any claim of infringement based on (i) use of a Licensed Product if such infringement would not have occurred but for modifications the LICENSOR makes based on LICENSEE's request or (ii) the combination, operation, or use of any Licensed Products furnished under this Agreement with programs or data not furnished by LICENSOR if such infringement would have been avoided by the use of the Licensed Products without such programs or data. This section shall not apply to sets of data products identified in writing in Appendix A to LICENSOR.

9.3 ~~In the event the Licensed Products are held, or are believed by LICENSOR, to infringe or use of the Licensed Products is enjoined, LICENSOR may, at its sole option, and at its expense, (i) modify the Licensed Products to be non-infringing, (ii) obtain for the LICENSEE a license to continue using the Licensed Products, (iii) substitute the Licensed Products with other software reasonably suitable to Licensee, or (iv) terminate the license for the infringing Licensed Products and refund the license fees paid for those Licensed Products. This Section 9.3 states LICENSOR's entire liability for infringement.~~

Not enough detail here. See Licensee's additions below.

9.2 ACCUSED INFRINGEMENT OF THIRD PARTY PATENT(S). LICENSOR warrants that LICENSEE is/will be able to use the Licensed Products within the territories of the Licensed Patents. Subject to the Sections below, LICENSOR shall defend, indemnify and hold LICENSEE harmless from and against any and all claims, demands, actions, liabilities, losses, fines, penalties, costs and expenses, including reasonable attorney's fees, arising out of any actual or alleged infringement of any patent, trade secret, trademark, copyright or any other intellectual property proprietary right related to LICENSEE' use of the Licensed Patents or its manufacture, sale or offer for sale of the Licensed Products.

Licensee wants to be sure that it can use the software. Wants a warranty confirming this.

9.2.1 LICENSOR shall have the right to select and control legal counsel for the defense of any such claim, demand or action and for any negotiations relating to any such claim, demand or action.

Licensee's interests must be well-represented. This section ensures this.

9.2.2 LICENSEE must approve any settlement of any such claim, demand or action to the extent that such settlement admits

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

infringement or validity, or otherwise imposes any restrictions on LICENSEE or requires LICENSEE to contribute financially in any way to such settlement.

Licensee ultimately wants to continue to be able to use its product.

9.2.3 In the event that any Licensed Product or product of LICENSEE related to the Licensed Patent is held to constitute an infringement and its use is enjoined, LICENSOR shall, at its option and expense, procure for LICENSEE, its subsidiaries and its LICENSEEs the right to continue making, using or selling the Licensed Products.

9.3 CHALLENGE TO VALIDITY OF A LICENSED PATENT. Should the validity of one or more of the Licensed Patents be challenged by a third party without a corresponding charge of infringement being made to the third party, LICENSOR agrees to defend the validity of the Patents at its own expense.

Licensee has a significant interest in maintaining the validity of the Licensed Patents. If Licensor does not put sufficient priority on this, then instead of giving up on validity, Licensor can assign over to Licensee.

9.3.1 LICENSOR cannot admit invalidity or unenforceability of any of the Licensed Patents without agreement of LICENSEE. If LICENSOR concludes that the claim may invalidate Licensed Patents or restrict or limit its right to license Licensed Patents and LICENSEE disagrees with such conclusion, LICENSOR may terminate this License, but must then assign the Licensed Patents and all other licenses for the LICENSED PATENTS to LICENSEE.

9.3.2 If the parties mutually agree or if it is adjudged that the existing Licensed Patents are invalid or unenforceable, the License is thereby terminated and any future or unpaid royalties are cancelled.

Licensee has same concern here. Parties must be active in policing the marketplace. To ensure this, Licensee should have the first right to pursue infringers.

9.4 INFRINGEMENT OF LICENSED PATENTS BY THIRD PARTIES. If either party becomes aware of products which potentially infringe the Licensed Patents, it shall so notify the other of such potentially infringing products.

9.4.1 LICENSEE shall have the first right to prosecute the third party infringer at its own cost. Should LICENSEE be successful, all recoveries made shall belong to LICENSEE.

Here, allowance is made for Licensor to pursue. But Licensor cannot simply grant a license to settle without approval of Licensee.

9.4.2 LICENSEE may decline to prosecute the third party infringer. LICENSOR may prosecute the infringer at its own cost. If LICENSOR alone prosecutes an infringer, all recoveries made shall belong to LICENSOR. LICENSOR cannot grant a

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

license to the infringer as part of any settlement without written consent of LICENSEE.

9.4.3 Regardless of whether LICENSEE or LICENSOR prosecutes the infringer, the parties agree to cooperate fully with each other as necessary to further any action or claim brought by the other party against the infringer.

9.4.4 Neither party may admit or accept a settlement proposal by the infringer without the agreement of the other party. However, either party may reject a settlement agreement that is proposed (or supported) by the other party if the rejecting party agrees to take control of any resulting or existing litigation relating to the infringer. In such a case, the rejecting party shall pay all expenses relating to resolving the dispute and provide to the proposing party 50% of any monetary portion of a resulting settlement. Should LICENSOR be the rejecting party, it may keep its 50% portion of any subsequent monetary settlement, but cannot grant a license as part of any settlement. Should LICENSEE be the rejecting party, it may keep its 50% portion of any subsequent monetary settlement, and may grant a sublicense as part of the settlement, then owing to LICENSOR only those sublicense royalties on the infringing product above the 50% otherwise due in accordance with this provision.

Licensor and Licensee balance their respective incentives here.

9.59.4 Total liability of LICENSOR to LICENSEE under this Agreement shall be limited to one hundred percent (100%) of the amount having actually been paid by LICENSEE to LICENSOR under this Agreement. LICENSEE releases LICENSOR from all obligations, liability, claims, or demands in excess of this limitation.

## **10. Warranties of LICENSOR**

10.1 Except as stated below, for each license granted herein LICENSOR warrants that it is the owner of Licensed Products and has the right to license such items to the LICENSEE, and that each Licensed Product will perform the functions described in the associated Documentation when operated on the specified platform for a period of 30 days from the date of shipment of such Licensed Product to LICENSEE.

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

- 10.2 LICENSOR does not warrant that each Licensed Product will meet LICENSEE's requirements, that the Licensed Products will operate in the combinations which LICENSEE may select for use or with all non-LICENSOR software used by LICENSEE, that the operation of each Licensed Product will be uninterrupted or error-free, or that all Licensed Product errors will be corrected. LICENSOR will undertake to correct any reported error condition in accordance with its then-current Standard Technical Support policies. LICENSOR shall have no obligation to undertake correction of errors caused by LICENSEE modifications to the Licensed Product. LICENSEE's sole and exclusive remedy for Licensed Product nonconformity shall be recovery of the license fees paid to LICENSOR for such nonconforming Licensed Product.
- 10.3 LICENSOR warrants that the Licensed Products are totally free from any self-destruction mechanism, hidden files, encrypted imbedded keys unknown to LICENSEE or any copy-protection scheme which interferes with LICENSEE's abilities to exercise its rights and privileges under this Agreement or other computer operations of the LICENSEE.

**11. Notices and Other Communications**

Any notice or other communication required or permitted to be made or given to either party shall be sufficiently made or given on the date of mailing if sent to such party by registered or certified mail (sent air mail or otherwise by the fastest service available) postage pre-paid, addressed to a party at its address set forth below, or to such other address as the party may designate by written notice given to the other party. Any such notice or communication shall otherwise be sufficiently made or given by other means provided that its receipt by the receiving party is confirmed and not contested by the receiving party.

In the case of LICENSEE:

In the case of LICENSOR:

**12. Assignments**

LICENSOR agrees not to assign any of the Licensed Patents to an unrelated third party unless such assignment is made subject to the terms and

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

conditions of this Agreement and unless prior written consent is obtained from LICENSEE, which consent will not be unreasonably withheld. LICENSEE shall not assign any of its rights or privileges under this Agreement without the prior written consent of LICENSOR, which consent will not be unreasonably withheld. Neither party need secure the consent of the other in the event of assignment to a successor in ownership of all or substantially all of the assets of the assigning party. However, notwithstanding the foregoing, any assignment by LICENSEE to an entity which expands materially the use of the LICENSED PRODUCTS, either geographically or in terms of user, shall be subject to the payment of additional royalties to LICENSOR. The successor shall expressly assume in writing the performance of all of the terms and conditions of this Agreement to be performed by the successor as if it were named herein in place of assignor. Any attempted assignment in derogation of the foregoing shall be void.

**13. Choice of Law**

This Agreement shall be construed, and the legal relationships between the parties hereto shall be determined in accordance with, the laws of the State of Illinois, United States of America. The parties also expressly submit to the jurisdiction of the courts of the State of Illinois for resolution of litigation relating to this Agreement.

**14. Miscellaneous**

LICENSOR and LICENSEE specifically agree that in no event shall either party be liable for special, incidental or consequential damages.

No amendment or modification of this Agreement shall be valid or binding upon the parties unless made in writing and signed by or on behalf of the party against whom enforcement is sought.

This Agreement embodies the entire understanding of the parties and shall supersede all previous communications, representations, or understandings, either oral or written, between the parties relating to the subject matter hereof.

**15. Confidentiality**

Both LICENSOR and LICENSEE and their related entities and Subsidiaries shall keep all terms of this Agreement CONFIDENTIAL from third parties unless approval is obtained in writing from both parties. However, the

**LICENSEE'S PROPOSED REDLINES TO LICENSOR VERSION**

existence of this Agreement, the Licensed Patent numbers, and the parties may be disclosed.

IN WITNESS WHEREOF, the parties intending to be legally bound, have caused this Agreement to be duly executed as follows:

ABC COMPANY

XYZ CONSULTANTS, INC.

\_\_\_\_\_  
By:

\_\_\_\_\_  
By:

Title:

Title:

Date:

Date: