

(Sample License Agreement)

Introduction.

This License Agreement (the "Agreement") is made between _____ (referred to as "Licensor") [insert Licensor's name, business form and address], and _____ (referred to as "Licensee") [insert Licensee's name, business form and address]. Licensor and Licensee shall be collectively referred to as "the parties." Licensor is the owner of certain proprietary rights to an invention referred to as _____ [insert name of invention]. Licensee desires to license certain rights in the invention. Therefore the parties agree as follows:

The Property [select one]

[Property issued]

The "Property" refers to the invention(s) described in U.S. Patent No(s). _____ [insert patent number(s)].

[Patent Not Yet Issued]

The "Property" refers to the invention(s) described in U.S. Patent Application No(s). _____ [insert patent application number], a copy of which is attached to this agreement.

[Patents & Improvements]

The Property is defined as the invention(s) described in U.S. Patent No(s). _____ [insert patent number] and any improvements, reissues or extensions, as well as any continuations, divisions, or substitute U.S. patent applications that shall be based on the patent(s); and any patent applications corresponding to the above--described patent(s) and patent applications that are issued, filed or to be filed in any and all foreign countries.

[Copyright, Trade Secrets and Trademarks: No Patents]

The Property refers to all proprietary rights, including but not limited to copyrights, trade secrets, formulas, research data, know--how and specifications related to the invention commonly known as the _____ [name of invention] as well as any trademark rights and associated good will. A more complete description is provided in the attached Exhibit A.

[Copyright or Trademark Registration]

The Property refers to all proprietary rights, including but not limited to copyrights as embodied in Copyright Registration No. _____ dated _____ (or Trademark Registration No. _____ dated _____ and associated goodwill).

[Patents and Copyright, Trade Secrets and Trademarks]

The "Property" refers to all inventions described in U.S. Patent No. _____ [insert patent number] and to all other proprietary rights, including but not limited to copyrights, trade secrets, formulas, research data, know--how and

specifications related to the invention commonly known as ____ [name of invention] as well as any trademark rights and associated good will. A more complete description is provided in the attached Exhibit A.

Licensed Products. [select one]

[Licensed Products specifically described]

Licensed Products are defined as the Licensee products incorporating the Property and specifically described in Exhibit A (the "Licensed Products").

[No limitations on Licensed Products definition]

Licensed Products are defined as any products sold by the licensee that incorporate the Property.

[No limitations on Licensed Process definition]

A Licensed Process is any commercial application of the Process by the licensee. [Remember to change all references in the agreement to Licensed Process, rather than products].

Grant of Rights.

Licensor grants to Licensee an _____ [exclusive or nonexclusive] license to make, use and sell the Property solely in association with the manufacture, sale, use, promotion or distribution of the Licensed Products.

Sublicense. [select one]

[Consent required]

Licensee may sublicense the rights granted pursuant to this agreement provided: Licensee obtains Licensor's prior written consent to such sublicense; and Licensor receives such revenue or royalty payment as provided in the Payment section below. Any sublicense granted in violation of this provision shall be void.

[Consent to Sublicense Not Unreasonably Withheld]

Licensee may sublicense the rights granted pursuant to this agreement provided: Licensee obtains Licensor's prior written consent to such sublicense. Licensee's consent to any sublicense shall not be unreasonably withheld; and Licensor receives such revenue or royalty payment as provided in the Payment section below. Any sublicense granted in violation of this provision shall be void.

Reservation of Rights. [select one]

[All rights reserved]

Licensor expressly reserves all rights other than those being conveyed or granted in this Agreement.

[Reservation of rights expressly excluding a particular industry]

Licensor expressly reserves all rights other than those being conveyed or granted in this agreement, including but not limited to the right to license the Properties in _____ [list a particular market which you want to expressly exclude, for example, "the computer and video game market".]

Territory. [select one]

[Statement of territory]

The rights granted to Licensee are limited to _____ [insert the territory] (the "Territory").

[Limiting cross--territory sales]

The rights granted to Licensee are limited to ____ [insert the territory] (the "Territory"). Licensee shall not make, use or sell the Licensed Products or any products which are confusingly or substantially similar to the Licensed Products in any country outside the Territory and will not knowingly sell the Licensed Products to persons who intend to resell them in a country outside the Territory.

Term. [select one]

[Specified with renewal rights]

This Agreement shall commence upon the latest signature date, (the "Effective Date") and shall extend for a period of ____ years (the "Initial Term") [insert number of years for initial term, for example, "two years"]. Following the Initial Term, this agreement may be renewed by Licensee under the same terms and conditions for _____ [insert number of renewal terms] consecutive _____ [insert length of each renewal term, for example, "two year"] periods. (the "Renewal Terms") provided that Licensee provides written notice of its intention to renew this agreement within thirty days before the expiration of the current term. In no event shall the Agreement extend longer than the date of expiration of the patent listed in the definition of the Property.

[Term for the length of patent only]

This Agreement shall commence upon the Effective Date and shall expire simultaneously with the expiration of the longest--living patent (or patents) or last--remaining patent application as listed in the definition of the Property, whichever occurs last, unless sooner terminated pursuant to a provision of this Agreement.

[Short term with renewal rights based upon sales]

This Agreement shall commence upon the Effective Date and shall extend for a period of _____ [insert number of years] years (the "Initial Term") and thereafter may be renewed by Licensee under the same terms and conditions for consecutive ____ [insert number of years] year periods (the "Renewal Terms"), provided that:

- (a) Licensee provides written notice of its intention to renew this agreement within thirty days before the expiration of the current term;
- (b) Licensee has met the sales requirements as established in Exhibit A; and
- (c) in no event shall the Agreement extend longer that the date of expiration of the longest--living patent (or patents) or last--remaining patent application as listed in the definition of the Property.

[No patents; indefinite term]

This Agreement shall commence upon the Effective Date and shall continue

until terminated pursuant to a provision of this Agreement.

[Fixed yearly term]

This Agreement shall commence upon the Effective Date and shall continue for _____ [insert number of years] unless sooner terminated pursuant to a provision of this Agreement.

[Term for as long as licensee sells licensed products]

This Agreement shall commence upon the Effective Date as specified in Exhibit A and shall continue for as long as Licensee continues to offer the Licensed Products in commercially reasonable quantities or unless sooner terminated pursuant to a provision of this Agreement.

Royalties.

All royalties ("Royalties") provided for under this Agreement shall accrue when the respective items are sold, shipped, distributed, billed or paid for, whichever occurs first. Royalties shall also be paid by the Licensee to Licensor on all items, even if not billed (including, but not limited to introductory offers, samples, promotions, or distributions) to individuals or companies which are affiliated with, associated with or subsidiaries of Licensee.

Net Sales.

"Net Sales" are defined as Licensee's gross sales (i.e., the gross invoice amount billed customers) less quantity discounts and returns actually credited. A quantity discount is a discount made at the time of shipment. No deductions shall be made for cash or other discounts, for commissions, for uncollectible accounts, or for fees or expenses of any kind which may be incurred by the Licensee in connection with the Royalty payments.

Advance Against Royalties. [Optional]

As a nonrefundable advance against royalties (the "Advance"), Licensee agrees to pay to Licensor upon execution of this Agreement the sum of \$ _____ [insert the amount of the advance, if any].

Licensed Product Royalty. [select one]

[All rights]

Licensee agrees to pay a Royalty of _____ percent [insert amount of royalty] of all Net Sales revenue of the Licensed Products ("Licensed Product Royalty").

[Hybrid royalty; patent and non patented rights]

Licensee agrees to pay a Royalty of _____ percent [insert amount of royalty] of all Net Sales revenue of the Licensed Products ("Licensed Product Royalty"). The "Licensed Product Royalty" shall be allocated according to the percentages as provided in this Agreement. In the event that a patent does not issue or an issued patent expires or is otherwise terminated, the allocated percentage for such patent or pending patent shall be subtracted from the Licensed Product Royalty. The Licensed Product Royalty shall be adjusted accordingly.

___% of the royalty for the license of the patent No. _____
___% of the royalty for the license of pending patent No. _____
___% of the royalty for the license of trade secrets [or trademarks,
copyrights or other intellectual property]

Guaranteed Minimum Annual Royalty Payment. [Optional]

In addition to any other advances or fees, Licensee shall pay an annual guaranteed royalty (the "GMAR") as follows: _____ [insert the terms of your GMAR: for example, \$10,000 per year]. The GMAR shall be paid to Licensor annually on _____ [insert the date when the GMAR should be paid each year]. The GMAR is an advance against royalties for the twelve--month period commencing upon payment. Royalty payments based on Net Sales made during any year of this Agreement shall be credited against the GMAR due for the year in which such Net Sales were made. In the event that annual royalties exceed the GMAR, Licensee shall pay the difference to Licensor. Any annual royalty payments in excess of the GMAR shall not be carried forward from previous years or applied against the GMAR.

License Fee. [Optional]

As a nonrefundable, nonrecoupable fee for executing this license, Licensee agrees to pay to Licensor upon execution of this Agreement the sum of \$_____.

Royalties on Spin Offs. [Optional]

Licensee agrees to pay a Royalty ("Spin Off Product Royalty") of _____ [insert appropriate royalty percentage] for all Net Sales of "Spin Off Products." A "Spin--Off Product" is any product that is derived from, based on, or adapted from the Licensed Product, provided that if the product uses the Property it shall be considered to be a Licensed Product and not a Spin Off Product.

Adjustment of Royalties For Third Party Licenses. [Optional]

In the event that any Licensed Product (or other items for which Licensee pays Royalties to Licensor) incorporates third party character licenses, endorsements, or other proprietary licenses, Licensor agrees to adjust the Royalty rate to _____ [insert appropriate royalty percentage] percent for such third party licenses. A. Licensee shall notify Licensor of any such third party licenses prior to manufacture. Third party licenses shall not include licenses accruing to an affiliate, associate or subsidiary of Licensee.

F.O.B. Royalties. [Optional]

Licensee agrees to pay the Royalty ("F.O.B. Royalty") of _____ [insert appropriate royalty percentage] for all F.O.B. sales of Licensed Products.

Sublicensing Revenues. [Optional]

In the event of any sublicense of the rights granted pursuant to this Agreement, Licensee shall pay to Licensor _____ [insert the amount of the sublicensing percentage] percent of all sublicensing revenues.

Payments and Statements to Licensor.

Within thirty days after the end of each calendar quarter (the "Royalty Period"), an accurate statement of Net Sales of Licensed Products along with any royalty payments or sublicensing revenues due to Licensor shall be provided to Licensor, regardless of whether any Licensed Products were sold during the Royalty Period. All payments shall be paid in United States currency drawn on a United States bank. The acceptance by Licensor of any of the statements furnished or royalties paid shall not preclude Licensor questioning the correctness at any time of any payments or statements.

Audit.

Licensee shall keep accurate books of account and records covering all transactions relating to the license granted in this Agreement, and Licensor or its duly authorized representatives shall have the right upon five days prior written notice, and during normal business hours, to inspect and audit Licensee's records relating to the Property licensed under this Agreement. Licensor shall bear the cost of such inspection and audit, unless the results indicate an underpayment greater than \$_____ [insert amount of underpayment, for example, "\$1000"] for any six--month period. In that case, Licensee shall promptly reimburse Licensor for all costs of the audit along with the amount due with interest on such sums. Interest shall accrue from the date the payment was originally due and the interest rate shall be 1.5% per month, or the maximum rate permitted by law, whichever is less. All books of account and records shall be made available in the United States and kept available for at least two years after the termination of this Agreement.

Late Payment.

Time is of the essence with respect to all payments to be made by Licensee under this Agreement. If Licensee is late in any payment provided for in this Agreement, Licensee shall pay interest on the payment from the date due until paid at a rate of 1.5% per month, or the maximum rate permitted by law, whichever is less.

Licensor Warranties.

Licensor warrants that it has the power and authority to enter into this Agreement and has no knowledge as to any third party claims regarding the proprietary rights in the Property which would interfere with the rights granted under this Agreement.

Indemnification by Licensor. [select one]

[Statement of licensor indemnification]

[] Licensor shall indemnify Licensee and hold Licensee harmless from any damages and liabilities (including reasonable attorneys' fees and costs), arising from any breach of Licensor's warranties as defined in Licensor's Warranties, above, provided: (a) such claim, if sustained, would prevent Licensee from marketing the Licensed Products or the Property; (b) such claim arises solely out of the Property as disclosed to the Licensee, and not out of any change in the Property made by Licensee or a vendor, or by reason of an off--the--shelf component or by reason of any claim for trademark infringement; (c) Licensee gives Licensor prompt written notice of any such claim; (d) such indemnity shall only be applicable in the event of a final decision by a court of competent jurisdiction from which no right to appeal exists; and (e) that the maximum amount due from Licensor to Licensee under this paragraph shall not exceed the amounts due to Licensor under the Payment Section from the date that Licensor notifies Licensee of the existence of such a claim.

[Licensor Indemnification With Fund]

[] Licensor shall indemnify Licensee and hold Licensee harmless from any damages and liabilities (including reasonable attorneys' fees and costs), arising from any breach of Licensor's warranties as defined in Licensor's Warranties, above, provided: (a) such claim, if sustained, would prevent Licensee from marketing the Licensed Products or the Property; (b) such claim arises solely out of the Property as disclosed to the Licensee, and not out of any change in the Property made by Licensee or a vendor, or by reason of an off--the--shelf component or by reason of any claim for trademark infringement; (c) Licensee gives Licensor prompt written notice of any such claim; (d) such indemnity shall only be applicable in the event of a final decision by a court of competent jurisdiction from which no right to appeal exists; and (e) that the maximum amount due from Licensor to Licensee under this paragraph shall not exceed the amounts due to Licensor under the Payment Section from the date that Licensor notifies Licensee of the existence of such a claim. The maximum amount due from Licensor to Licensee under this paragraph shall not exceed _____ percent [50% to 100%] of the amounts due to Licensor under the Payment Section [If you have numbered the sections of your agreement, include the number of the payment section] from the date that Licensor notifies Licensee of the existence of such a claim. After the commencement of a lawsuit against Licensee that comes within the scope of this paragraph, Licensee may place _____ percent [same percentage as listed above] of the royalties thereafter due to Licensor under the Payment Section in a separate interest bearing fund hereinafter referred to as the "Legal Fund." Licensee may draw against such Legal Fund to satisfy all of the reasonable expenses of defending the suit and of any judgment or settlement made in regard to this suit. In the event the Legal Fund shall be insufficient to pay the then current defense obligations, Licensee may advance monies on behalf of the Legal Fund and shall be reimbursed as payments are credited to the Legal Fund. Licensor's liability to Licensee shall not extend beyond the loss of its royalty deposit in the Legal Fund. After the suit has been

concluded any balance remaining in the Legal Fund shall be paid to Licensor and all future royalties due to Licensor shall be paid to Licensor as they would otherwise become due. Licensee shall not permit the time for appeal from an adverse decision on a claim to expire.

Licensee Warranties.

Licensee warrants that it will use its best commercial efforts to market the Licensed Products and that their sale and marketing shall be in conformance with all applicable laws and regulations, including but not limited to all intellectual property laws.

Indemnification by Licensee.

Licensee shall indemnify Licensor and hold Licensor harmless from any damages and liabilities (including reasonable attorneys' fees and costs), (a) arising from any breach of Licensee's warranties and representation as defined in the Licensee Warranties, above, (b) arising out of any alleged defects or failures to perform of the Licensed Products or any product liability claims or use of the Licensed Products; and (c), any claims arising out of advertising, distribution or marketing of the Licensed Products.

Limitation of Licensor Liability. [Optional]

Licensor's maximum liability to Licensee under this agreement, regardless on what basis liability is asserted, shall in no event exceed the total amount paid to Licensor under this Agreement. Licensor shall not be liable to Licensee for any incidental, consequential, punitive or special damages.

Intellectual Property Protection.

Licensor may, but is not obligated to seek, in its own name and at its own expense, appropriate patent, trademark or copyright protection for the Property. Licensor makes no warranty with respect to the validity of any patent, trademark or copyright which may be granted. Licensor grants to Licensee the right to apply for patents on the Property or Licensed Products provided that such patents shall be applied for in the name of Licensor and licensed to Licensee during the Term and according to the conditions of this Agreement. Licensee shall have the right to deduct its reasonable out of pocket expenses for the preparation, filing and prosecution of any such U.S. patent application (but in no event more than \$5,000) from future royalties due to Licensor under this Agreement. Licensee shall obtain Licensor's prior written consent before incurring expenses for any foreign patent application.

Compliance with Intellectual Property Laws.

The license granted in this Agreement is conditioned on Licensee's compliance with the provisions of the intellectual property laws of the United States and any foreign country in the Territory. All copies of the Licensed Product as well as all

promotional material shall bear appropriate proprietary notices.

Infringement Against Third Parties.

In the event that either party learns of imitations or infringements of the Property or Licensed Products, that party shall notify the other in writing of the infringements or imitations. Licensor shall have the right to commence lawsuits against third persons arising from infringement of the Property or Licensed Products. In the event that Licensor does not commence a lawsuit against an alleged infringer within sixty days of notification by Licensee, Licensee may commence a lawsuit against the third party. Before the filing suit, Licensee shall obtain the written consent of Licensor to do so and such consent shall not be unreasonably withheld. Licensor will cooperate fully and in good faith with Licensee for the purpose of securing and preserving Licensee's rights to the Property. Any recovery (including, but not limited to a judgment, settlement or licensing agreement included as resolution of an infringement dispute) shall be divided equally between the parties after deduction and payment of reasonable attorneys' fees to the party bringing the lawsuit.

Exploitation.

Licensee agrees to manufacture, distribute and sell the Licensed Products in commercially reasonable quantities during the term of this Agreement and to commence such manufacture, distribution and sale within the following time period: _____ [insert time period, for example "six months."] This is a material provision of this Agreement.

Samples & Quality Control.

Licensee shall submit a reasonable number of production samples of the Licensed Product to Licensor to assure that the product meets Licensor's quality standards. In the event that Licensor fails to object in writing within 10 business days after the date of receipt, the Licensed Product shall be deemed to be acceptable. At least once during each calendar year, Licensee shall submit two production samples of each Licensed Product for review. The quality standards applied by Licensor shall be no more rigorous than the quality standards applied by Licensee to similar products.

Insurance.

Licensee shall, throughout the Term, obtain and maintain, at its own expense, standard product liability insurance coverage, naming Licensor as additional named insureds. Such policy shall: (a) be maintained with a carrier having a Moody's rating of at least B; and (b) provide protection against any claims, demands and causes of action arising out of any alleged defects or failure to perform of the Licensed Products or any use of the Licensed Products. The amount of coverage shall be a minimum of _____ [insert amount of insurance coverage] with no deductible amount for each single occurrence for bodily injury

or property damage. The policy shall provide for notice to the Agent and Licensor from the insurer by Registered or Certified Mail in the event of any modification or termination of insurance. Licensee shall furnish Licensor and Agent a certificate from its product liability insurance carrier evidencing insurance coverage in favor of Licensor, and in no event shall Licensee distribute the Licensed Products before the receipt by the Licensor of evidence of insurance. The provisions of this section shall survive termination for three years.

Confidentiality.

The parties acknowledge that each may be furnished or have access to confidential information that relates to each other's business (the "Confidential Information"). In the event that Information is in written form, the disclosing party shall label or stamp the materials with the word "Confidential" or some similar warning. In the event that Confidential Information is transmitted orally, the disclosing party shall promptly provide a writing indicating that such oral communication constituted Information. The parties agree to maintain the Confidential Information in strictest confidence for the sole and exclusive benefit of the other party and to restrict access to such Confidential Information to persons bound by this Agreement, only on a need--to--know basis. Neither party, without prior written approval of the other, shall use or otherwise disclose to others, or permit the use by others of the Confidential Information.

Termination. [select one]

[Initial term with renewals]

This Agreement terminates at the end of two years (the "Initial Term") unless renewed by Licensee under the terms and conditions as provided in the Term Section of this Agreement.

[Fixed term]

This Agreement shall terminate at the end of _____ [insert number of years] years unless terminated sooner under a provision of this Agreement.

[Term based upon length of patent protection]

This Agreement shall terminate with the expiration of the longest--living patent (or patents) or last--remaining patent application (as listed in the definition of the Property), whichever occurs last, unless terminated sooner under a provision of this Agreement.

[Initial term with renewals].

This Agreement terminates at the end of two years (the "Initial Term") unless renewed by Licensee under the same terms and conditions for consecutive two year periods (the "Renewal Terms") provided that Licensee provides written notice of its intention to renew this agreement within thirty days prior to expiration of the current term. In no event shall the Agreement extend longer than the date of expiration of the longest--living patent (or patents) or last--remaining patent application as listed in the definition of the Property.

[Termination at will: Licensee's option]

Upon 90 days notice, licensee may, at its sole discretion, terminate this agreement by providing notice to the licensor.

Licensor's Right to Terminate.

Licensor shall have the right to terminate this Agreement for the following reasons:

- (a) Licensee fails to pay Royalties when due or fails to accurately report Net Sales, as defined in the Payment Section of this Agreement, and such failure is not cured within thirty days after written notice from the Licensor;
- (b) Licensee fails to introduce the product to market by _____ [insert date by which Licensee must begin selling Licensed Products] or to offer the Licensed Products in commercially reasonable quantities during any subsequent year;
- (c) Licensee fails to maintain confidentiality regarding Licensor's trade secrets and other Information;
- (d) Licensee assigns or sublicenses in violation of the Agreement; or
- (e) Licensee fails to maintain or obtain product liability insurance as required by the provisions of this Agreement.

Terminate as to territory not exploited [optional]

Licensor shall have the right to terminate the grant of license under this Agreement with respect to any country or region included in the Territory in which Licensee fails to offer the Licensed Products for sale or distributions or to secure a sublicensing agreement for the marketing, distribution and sale of the product within two years of the Effective Date.

Effect of Termination.

Upon termination of this Agreement, all Royalty obligations as established in the Payments Section shall immediately become due. After the termination of this license, all rights granted to Licensee under this Agreement shall terminate and revert to Licensor, and Licensee will refrain from further manufacturing, copying, marketing, distribution, or use of any Licensed Product or other product which incorporates the Property. Within thirty days after termination, Licensee shall deliver to Licensor a statement indicating the number and description of the Licensed Products which it had on hand or is in the process of manufacturing as of the termination date. Licensee, may dispose of the Licensed Products covered by this Agreement for a period of three months after termination or expiration except that Licensee shall have no such right in the event this agreement is terminated according to the Licensor's Right to Terminate, above. At the end of the post--termination sale period, Licensee shall furnish a royalty payment and statement as required under the Payment Section. Upon termination, Licensee shall deliver to Licensor all tooling and molds used in the manufacture of the Licensed Products. Licensor shall bear the costs of shipping for the tooling and molds.

Survival.

The obligations of Sections _____ [insert section names or numbers that will survive termination] shall survive any termination of this Agreement.

Attorneys' Fees and Expenses.

The prevailing party shall have the right to collect from the other party its reasonable costs and necessary disbursements and attorneys' fees incurred in enforcing this Agreement.

Dispute Resolution. [select one]

Arbitration.

If a dispute arises under or relating to this Agreement, the parties agree to submit such dispute to binding arbitration in the state of _____ [insert state in which parties agree to arbitrate] or another location mutually agreeable to the parties. The arbitration shall be conducted on a confidential basis pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision or award as a result of any such arbitration proceeding shall be in writing and shall provide an explanation for all conclusions of law and fact and shall include the assessment of costs, expenses and reasonable attorneys' fees. Any such arbitration shall be conducted by an arbitrator experienced in _____ [insert industry experience required for arbitrator] and in invention licensing law and shall include a written record of the arbitration hearing. The parties reserve the right to object to any individual who shall be employed by or affiliated with a competing organization or entity. An award of arbitration may be confirmed in a court of competent jurisdiction.

Mediation & Arbitration.

The Parties agree that every dispute or difference between them, arising under this Agreement, shall be settled first by a meeting of the Parties attempting to confer and resolve the dispute in a good faith manner. If the Parties cannot resolve their dispute after conferring, any Party may require the other Parties to submit the matter to non-binding mediation, utilizing the services of an impartial professional mediator approved by all Parties. If the Parties cannot come to an agreement following mediation, the Parties agree to submit the matter to binding arbitration at a location mutually agreeable to the Parties. The arbitration shall be conducted on a confidential basis pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision or award as a result of any such arbitration proceeding shall include the assessment of costs, expenses and reasonable attorney's fees and shall include a written record of the proceedings and a written determination of the arbitrators. Absent an agreement to the contrary, any such arbitration shall be conducted by an arbitrator experienced in intellectual property law. The Parties reserve the right to object to any individual who shall be employed by or affiliated with a competing organization or entity. In the event of any such dispute or difference, either Party may give to the other notice requiring that the

matter be settled by arbitration. An award of arbitration shall be final and binding on the Parties and may be confirmed in a court of competent jurisdiction.

[] Alternative Dispute Resolution.

If a dispute arises and cannot be resolved by the parties, either party may make a written demand for formal resolution of the dispute. The written request will specify the scope of the dispute. Within 30 days after such written notice, the parties agree to meet, for one day, with an impartial mediator and consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within 30 days of the one--day mediation, either side may start litigation proceedings.

Governing Law.

This Agreement shall be governed in accordance with the laws of the State of _____.[insert the choice of state law]
Jurisdiction.

The parties consent to the exclusive jurisdiction and venue of the federal and state courts located in _____ [insert county and state in which parties agree to litigate] in any action arising out of or relating to this Agreement. The parties waive any other venue to which either party might be entitled by domicile or otherwise.

Waiver.

The failure to exercise any right provided in this Agreement shall not be a waiver of prior or subsequent rights.

Invalidity.

If any provision of this Agreement is invalid under applicable statute or rule of law, it is to be considered omitted and the remaining provisions of this Agreement shall in no way be affected.

Entire Understanding.

This Agreement expresses the complete understanding of the parties and supersedes all prior representations, agreements and understandings, whether written or oral. This Agreement may not be altered except by a written document signed by both parties.

Attachments & Exhibits.

The parties agree and acknowledge that all attachments, exhibits and schedules referred to in this Agreement are incorporated in this Agreement by reference.

Notices.

Any notice or communication required or permitted to be given under this Agreement shall be sufficiently given when received by certified mail, or sent by

facsimile transmission or overnight courier.

No Joint Venture.

Nothing contained in this Agreement shall be construed to place the parties in the relationship of agent, employee, franchisee, officer, partners or joint ventures. Neither party may create or assume any obligation on behalf of the other.

Assignability. [select one]

[Statement of Assignability]

Licensee may not assign or transfer its rights or obligations pursuant to this Agreement without the prior written consent of Licensor. Any assignment or transfer in violation of this section shall be void.

[Consent not unreasonably withheld]

Licensee may not assign or transfer its rights or obligations pursuant to this Agreement without the prior written consent of Licensor. Such consent shall not be unreasonably withheld. Any assignment or transfer in violation of this section shall be void.

[Consent not needed for Licensee affiliates or new owners.]

Licensee may not assign or transfer its rights or obligations pursuant to this Agreement without the prior written consent of Licensor. However, no consent is required for an assignment or transfer that occurs: (a) to an entity in which Licensee owns more than fifty percent of the assets; or (b) as part of a transfer of all or substantially all of the assets of Licensee to any party. Any assignment or transfer in violation of this Section shall be void.

Each party has signed this Agreement through its authorized representative. The parties, having read this Agreement, indicate their consent to the terms and conditions by their signature below.

By _____ Date: _____
Licensor Name: _____

By _____ Date: _____
Licensee Name/Title: _____

[on a separate sheet]

EXHIBIT A

THE PROPERTY

[insert description of the Property]

LICENSED PRODUCTS

[indicate type of products, for example "medical supply products"]