TECHNOLOGY LICENSING AGREEMENTS:

"Checklist" of Terms and Conditions to Consider

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A number of types of business contracts have licensing as their fundamental structure and thus raise similar considerations:

- Licensing agreements
- Manufacturing and supply agreements
- Distribution agreements
- Agency and marketing agreements



- Exclusive or non-exclusive rights
- Territorial rights and restrictions
- Field of use or application rights and restrictions
- Right to grant sublicenses, appoint distributors and agents
- Loss of rights upon transfer or assignment, change in control
- Right to expand territory or field



Consideration:

- Initial license fees or other consideration
- Royalties (gross or net sales, etc.)
- Minimum royalties to retain rights
- Calculation and payment of royalties
- Reporting, certification and inspection rights



Quality Control:

- No enhancements, modifications or improvements without licensor's approval
- Labeling and packaging
- Promotional materials
- Marketing efforts, plans and budgets
- Training and support
- Inspection
- Samples



Technology:

- Description of licensed technology
- Right to acquire license to additional technologies
- Enhancements, modifications or improvements by licensor
- Enhancements, modifications or improvements by licensee
- Patent applications, patent prosecution, patent enforcement
- Governmental or regulatory requirements, consents, approvals
- Possession and control of source codes
- Ownership
- Confidentiality
- Non-compete restrictions



Licability.

- Corporate and business representations and warranties
- Ownership of technology
- No infringement or misappropriation of third party rights
- Product warranties, limitations and disclaimers
- Indemnification
- Insurance



Disputes:

- Dispute resolution procedures (mediation or arbitration)
- Choice of law, jurisdiction and venue
- Prevailing party fees and costs
- Interest on late payments



Termo:

- Length of license
- Renewal rights
- Termination rights (breach or default, for convenience)
- Bankruptcy events
- Acquisition and change of control events
- Post-termination rights
- Terminate marketing and promotion
- Post-termination servicing
- Return of proprietary information, documents

