

License Agreement Form
(for reference only)

Apparently, it is critical for concerned parties to draft the terms and conditions of a license agreement/contract to avoid potential disputes thereon. KENFOX provides some suggestions on contents of the clauses for a license agreement/contract which should be taken into account as follows:

- (1) Preamble or "Whereas " clause
- (2) Definitions
- (3) Grant of license
- (4) Competitive Products
- (5) Supply of Technical
- (6) Procurement of Materials
- (7) Technical Assistance
- (8) Technical Training
- (9) Trademarks License
- (10) Quality Control
- (11) Considerations or Royalty
- (12) Payment
- (13) Report and Record
- (14) Taxes
- (15) The Most Favored Treatment
- (16) Warranty
- (17) Infringement Suits
- (18) Improvement
- (19) Sublicense
- (20) Confidentiality or Keeping Secrecy
- (21) Cancellation
- (22) Notice
- (23) Arbitration

- (24) Non Waiver
- (25) Force Majeure
- (26) Interpretation
- (27) Assignment
- (28) Governing Law
- (29) Modifications
- (30) Severalty
- (31) Language
- (32) Heading
- (33) Term or Duration
- (34) Termination
- (35) Steps after Termination
- (36) Incontestability
- (37) Disputes

(1) PREAMBLE OR WHEREAS CLAUSE

1) Importance of the section/part "Preamble": "Preamble" consists of the essential part of the contract or the License agreement. Therefore, this section should not be neglected in a license agreement/contracts.

2) Essential points of the section/part of "Preamble":

- a. Outline of the objective technologies which Licensor is granting to Licensee.
- b. Expression of the Licensor's ownership or the Licensor's possession granting the sublicense regarding the objective technologies to be granted to Licensee.
- c. Attainment level of the objective technologies or the commercialized level of the technologies.
- d. Declaration of the Licensee's explicit expression to get the license.
- e. Outline of the scope of the licensed technologies, more details should be cleared In the attachment.
- f. The past relationship between the parties of the License agreement, Licensor and Licensee.
- g. The details which the parties reached the agreement.

3) Function of the section/part of "Preamble":

- a. "Preamble" works as the basic element of 'estoppel', then the expression of. "Preamble" should not conflict with the fact.
- b. If the terms & conditions are vague and their purposes are ambiguous meaning, "Preamble" supports to supplement the Interpretation.

Examples:

Example 1-1: Patent and Know-How License Agreement

THIS AGREEMENT made this ... day of..., by and between Corporation organized and existing under the laws of... having principal place of business at... (herein-after referred to as "Company") and ..., a corporation organized and existing under the laws of..., having principal place of business at ... (hereinafter referred to as "Licensee")

WTITNESSETH:

WHEREAS, Company, through research and development for long years, acquires and possesses certain valuable know-how pertaining to a ... composite and a method for making said composite and continues to develop scientific techniques pertaining to such composite, WHEREAS, Company owns and controls certain rights and trademark rights in..., and WHEREAS, Licensee desires to manufacture, use and sell said composite in certain countries hereinafter defined under a license from Company, NOW, THEREFORE, it is agreed as follows:

Example 1.2: License Agreement

This Agreement made and entered into this... day of20.... by and between ABC Corporation, a UK corporation with its principal office at... (hereinafter referred to as ABC) and XYZ Co., Ltd., an American corporation with its principal office at ..., (hereinafter referred to as XYZ),

WITHNESSETH THAT:

WHEREAS, ABC has long been engaged in the manufacture and sale of ... herein after referred to as the Licensed Products) under certain trademarks in the UK;

WHEREAS, ABC has acquired and possesses certain patents and valuable technical relating to the manufacture of the Licensed Products and has the right to grant license under said patents and utilizing technical;

WHEREAS, ABC has the right to grant license under said trade- marks to be used in connection with the Licensed Products;

WHEREAS, XYZ is desirous of obtaining, and ABC is willing to grant, the right and license to manufacture, have manufactured, use and sell the Licensed Products under said patents and utilizing technical, and to use said trademarks, and ABC is willing to furnish XYZ with all of said technical now, therefore, in consideration of premises and covenants hereinafter set forth, the parties hereto agree as follows:

Example I-3: Computer Soft License Agreement

THIS LICENSE AGREEMENT, made and entered into this day, ... by and between ... a corporation, with principal place of business at... (hereinafter called "Company") and ... a corporation, with principal place of business at ..., (hereinafter called "Licensee").

WITNESSETH:

WHEREAS, Company is engaged in the business of developing, promoting, and licensing computer program systems uniquely designed so as to be applicable to and highly desirable by... and ... owners and operators, and is possessed of valuable experience gained therefrom;

WHEREAS, Company is a controlled subsidiary of... and has rights to the use of the trademarks and tradenames..., which are used in identifying and distinguishing computer program systems unique to the ... and... industry;

WHEREAS, Company is the owner and user of the trademarks and tradenameswhich are used In Identifying and distinguishing computer program systems of high quality and unique to the ... and ... industry;

WHEREAS, Company has previously entered into a worldwide non-exclusive marketing agreement with ... whereby ... will exert efforts to sub-license and market the systems worldwide business which is of a primary Importance to Company;

WHEREAS, Licensee has agreed to provide implementation and ongoing support of any of such systems sold or sublicensed by ... or others in Its territory on an individually constructed basis, and

WHEREAS, Licensee has agreed to support and aid any such marketing effort by ... within Its territory and to refrain from any acts which would be incompatible with such effort or the previously mentioned agreement between ... and Company:

and

WHEREAS, Licensee desires to acquire a non: exclusive license from Company, under certain provisions and restrictions herein- after provided, to use said trademarks and tradenames in connection with the advertising, promotion, and sale of computer program systems owned by Company or its parent corporation which are unique to the ... and... industry; and

WHEREAS, Company is willing to grant Licensee a limited license pursuant to the specific provisions and restrictions hereinafter provided;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between the parties:

(2) DEFINITION

Example 2-1: Definitions

For the purpose of this Agreement, the words and terms listed below shall have the following meaning:

a) The term "Licensed Product" shall mean the finished (...) composite and any other composites containing the chemical compound covered by the Patents, Know-How (these are hereinafter defined) and/or other technical technical furnished by Company, which are manufactured by Licensee.

b) The term "Territory" shall mean (...).

c) The term "Patents" shall mean those patents and patent applications covering Licensed Product or any process of making it which Company owns or controls, the application date of which is on or before the Effective Date hereinafter defined of this Agreement.

d) The term "Know-How" shall mean written or tangible secret proprietary technical including scientific or chemical data, formulation and stability techniques, safety and efficacy studies, processes, and experience, whether of a technical or economic nature, for the manufacture, use and sale, of the Licensed Product, which are in the possession of Company, on the effective Date hereinafter defined of this Agreement and are conveyed to Licensee by having been marked "Confidential" by Company.

Example 2-2: Definitions

As used in this Agreement the following terms have the following meanings when used with a capital first letter:

- a) The term "Products" shall mean those products in Appendix 1 hereto.
- b) The term "Patents" shall mean the patents and patent applications described in Appendix 2 insofar as they apply to Products.
- c) The term "Technical" shall mean secret proprietary technical including data, experience, formulae, processes, techniques, and knowhow, whether of a technical, engineering, operational or economic nature, for the manufacture, storage, handling of Products, which is conveyed to Licensee by Company, its agents or employees, whether In writing or orally, or obtained by Licensee by observation, or as a result of Its manufacture, use, storage or handling of Products.
- d) The term "Net Selling Price" shall mean the invoiced price on a sale of Products by Licensee in the Territory defined hereinafter, less sales taxes, packing costs, transport costs, insurance costs 1 Insured, credit on Products returned and usual trade discounts. Products shall be deemed to be sold when they are invoiced.
- e) The term "Territory" shall mean ... only.

Example 2-3: Definitions

: As used in this Agreement, the following terms have the following meanings respectively:

- 1) "Patents" means those patents, utility models and designs and applications therefore now owned by ABC in the Territory pertaining to the Licensed Products, which are listed In Appendix I attached hereto and made a part hereof, and shall Include also all the patents, utility models and designs which will issue on the said applications.
- 2) "Technical" means all the technical knowledge, know-how data and technical developed or otherwise acquired by ABC pertaining to the manufacture, use and sale of the Licensed Products and defined more specifically in Appendix 2 attached hereto and made a part hereof.
- 3) "Exclusive Territory" means the UK
"Non-Exclusive Territory" means Vietnam and Laos.
"Territory" means the Exclusive Territory and the Non- exclusive Territory.
- 4) "Net Selling Price" means the gross selling price of the Licensed Products as Invoiced by XYZ, less the following items to the extent that they are included in the gross selling Price:
 - (a) sales, excise and added value taxes.
 - (b) custom duties.
 - (c) packaging, transportation, insurance and warehouse charges.
 - (d) trade and quantity discounts.
 - (e) credits for the returned goods.
 - (f) interests in case of deferred payment.
 - (g) agent's commissions.
 - (h) CIF UK port price of any component of part of the Licensed Products purchased from ABC and incorporated in the Licensed Products so sold.

In the event the Licensed Products are used by XYZ, leased to customers or sold to the affiliated companies of XYZ, "Net Selling Price" for said transaction means the Net Selling Price at which XYZ customarily sells the Licensed Products to the customers in bona fide, arm's length transactions.
- 5) "Trademarks" means the trademarks which are registered or applied for registration In the Territory and listed in Appendix 3 attached hereto and made a part hereof.
- 6) "Effective Date" means the date of the validation of this Agreement by the Japanese Government.

(3) GRANT OF LICENSE

Example 3-1: Grant of License

Company hereby grants to Licensee, during the life of this Agreement, an exclusive, non-transferable and non-assignable license to manufacture, use and sell the Licensed Product under the Patents, Know-How and other technical furnished by Company hereunder in Territory. Licensee shall manufacture the Licensed Product only at the factory in (...) owned or controlled by Licensee and approved in advance by Company.

Example 3-2: Grant of License

(Computer Soft License Agreement)

Company hereby appoints Licensee the exclusive license for the sub-license, sales, lease, Installation and support of the Products within the Territory.

Example 3-3: Restriction on Company (Computer Soft License Agreement)

While this Agreement is in force, Company shall not itself sell, hire or in any other manner dispose of the Products within the Territory. Company undertakes that it shall refer all inquiries to Licensee who in turn will be required to detail all prospects and contracts and their marketing program to Company at its request from time to time.

Example 3-4: Grant of License

ABC hereby grants to XYZ, during the term of this Agreement; (a) The exclusive right and license with the right to grant sub- license to manufacture, have manufactured, use, sell, lease and import the Licensed Products in the Exclusive Territory under the Patents and utilizing the Technical; (b) The non-exclusive right and license to use or sell the Licensed Products in the Non Exclusive Territory under the Patents and utilizing the Technical. In addition to the Territory, XYZ may export the Licensed Products to such areas where ABC has no patent right pertaining to the Licensed Products or ABC is not customarily selling the License Products or the exclusive right and license to sell the Licensed Products has not been granted to any third party.

(4) COMPETITIVE PRODUCTS

Example 4-1: Competitive Products

Licensee undertakes not to manufacture, use, sell or otherwise deal in any products competitive in price and quality with the Licensed Product without the previous consent in writing of Company. Licensee represents and Company admits, however, that at the present time it is, through an affiliated company, (...), Involved in the manufacture and distribution in (...) of (...) and (...), which are not in direct competition with those of Company.

Ex.4-2: Competitive Products

During the life of this Agreement or extension thereof, if any, and for a period of one year thereafter, Licensee shall not manufacture any other products of same kind as, similar to or competitive with Products.

(5) SUPPLY OF TECHNICAL

Example 5-1: Technical guidance by Licensor

Not later than (...) days after the Effective Date, Representative of Licensor and Licensee, shall hold a design conference in (...) in order to determine, the basis of design, plant layout, codes and standards, and a coordination procedure for performing the work.

Licensee can request Licensor to attendance by the contractor ... selected by Licensee for the supply of the engineering documents, for the plant, provided all obligations of secrecy, hereinafter stipulated in Article (...) of this Agreement, have been fulfilled.

On the basis of the results of the design conference, Licensor shall prepare the process design documents, and shall deliver it to Licensee within the following delivery terms:

Part I: within (...) months after completion of the design conference.

Part II: within (...) months after completion of the design conference.

The detailed schedule for delivery of the documents mentioned the above shall be defined during the design conference: Specifically, equipment lists and specifications, data for procurement of scheduled delivery Items, plant safety and environmental protection equipment, within (...)

months after completion of the design conference: Preparatory documents, suitable for Licensee to start the preparation of the engineering, within (...) months after completion of the design conference. The process design documents shall be prepared in the English language, use the metric system of weights and measures, and shall conform to the codes and standards agreed with both parties during the design conference.

Example 5-2: Supply of Technical

1. Company shall furnish Licensee with Technical within ... days after the date of execution of this Agreement and after receipt of the payment of the license fee as stipulated In the Paragraph 1 of Article 8 hereof.
2. Company shall furnish Licensee free of charge with following Technical: ...

Example 5-3: Technical

Company hereby agrees to start to disclose Know-how immediately after the Effective Date of this Agreement and furnish, during the life of this Agreement, to Licensee with other technical, scientific data and documents related to the Licensed Product and are In the possession of Company which Company has a right to disclose and furnish to Licensee without any obligation against any third party on the effective Date hereof.

Example 5-4: Disclosure (of technical information)

Within (...) days after the Effective Date, ABC shall furnish _XYZ in documentary form all Technical which shall be necessary and sufficient for XYZ to manufacture, use and sell the Licensed Products. During the term of this Agreement, ABC shall continue to furnish XYZ, by request of XYZ, Technical in documentary form of otherwise without additional charge therefore.

(6) PROCUREMENT OF MATERIALS

Example 6-1: Procurement of Materials

Licensee shall, in order to maintain quality of Products, purchase (...) and other materials which Licensee is unable to procure in Territory.

Licensee and Licensor shall conclude a sales contract from time to time whenever necessary, and Licensor shall supply such materials on the conditions as advantageous to Licensee as possible.

Example 6-2: Supplying raw materials

Licensor shall during the life of this Agreement supply Licensee with the compounds and other chemical raw materials to be used for the purpose of manufacturing the Licensed Product under this Agreement to the extent that they are manufactured by and available at Licensor, unless Licensee desires to purchase such compounds and other raw materials in Territory. Detailed terms and conditions for the sale of the compounds and other chemical raw materials hereunder shall be separately agreed in writing between the parties.

Example 6-3: Supplying raw materials

Licensor shall during the life of this Agreement recommend the raw materials to be used for the Licensed Product, in order to keep the Licensed Product's quality In high level and shall cooperate with Licensee In safety and constant supply of the raw material for manufacturing the Licensed Product.

Example 6-4: Supplying raw materials

Licensee shall procure the raw materials to be used for manufacturing the Licensed Product from Licensor or the supplier who are recommended by Licensor, in order to keep the Licensed Product's quality in high level as well as to implement the License Patent and the Licensed Know-How within the scope of the license.

(7) TECHNICAL ASSISTANCE

Example 7-1: Technical Assistance

ABC shall, by request of XYZ, permit a reasonable number of technical personnel designated by XYZ to have opportunity to study to manufacture of the Licensed Products at the plants of ABC. Such personnel shall be given adequate training to acquaint themselves with production design,

production engineering, processes of production and testing of the Licensed Products. Such personnel shall be permitted to make notes and sketches and to procure pertinent technical and photographs in possession of ABC relating to the foregoing including the cost of raw materials and methods of quality control which may be in use in connection with the manufacture of the Licensed Products.

XYZ shall advise ABC in advance of the names, interests, qualifications and probable length of stay of XYZ' is designated personnel desiring to visit such plants of ABC in order to provide ample time to enable ABC to prepare such visits.

In the event XYZ requires the services of technical personnel of ABC to be sent of XYZ to render technical assistance in connection with the manufacture of the Licensed Products for the reasonable period to be agreed upon by the parties hereto, ABC shall send appropriate personnel for this purpose as promptly as existing circumstances permit, provided, however, XYZ shall bear the salary of such personnel at the rates to be agreed upon by the parties hereto in advance and the travelling (economy class air tickets) and reasonable living expenses.

Personnel of either ABC or XYZ, during the time they are present on the premises of the other party, shall be subject to all rules and regulations prevailing on the premises of such other party. However, none of such personnel of either party shall be considered for any purposes to be an employee of the other.

Example 7-2: Technical Assistance

1. In case Licensor is required by Licensee to send engineers of Licensor (hereinafter referred to as "Engineer") and Licensor deems it effective to send Engineer In order to fulfill the purpose of this Agreement, Licensor shall answer Licensee's request and give technical guidance to Licensee under the following conditions:

- a) Travel expenses: Licensee shall bear Engineer's round trip fare of the economy class by air from ...to ...
- b) Daily allowance: Licensee shall bear the daily allowance of ... including all living expenses.
- c) Period of stay: The period of stay of Engineer shall be decided and extended upon negotiation between Licensor and Licensee.

d) Payment: The said fare and allowance shall be paid by Licensee within ...day before dispatch of Engineer.

2. Licensee shall guarantee to Engineer the same treatment as that of Licensee's officers in order to assist Engineer's activities of technical guidance.

3. The working days of Engineer shall be ... a week and their working hours shall not exceed ... a day and shall include not less than one hour's rest. In case Engineer accept Licensee's request to work over working hours or at midnight, Licensee shall pay to Engineer reasonable extra allowance.

4. Licensee shall arrange fully furnished living accommodations for Engineer.

Licensee shall, during Engineer's stay in ..., under take the full responsibility for Engineer's health, lives, body, property, etc.

Example 7-3: Technical guidance by Licensor

Within two (2) years after the Effective Date of this Agreement Licensor upon the request of Licensee, undertakes to dispatch scientific and qualified specialists to Licensee's manufacturing factory to advise Licensee In the manufacture and formulation of the Licensed Product under the Patents, Know-How and other technical. The dispatch of these specialists will be of no more than (...) man days excluding travel time within said two (2) years.

On the expenses arising out of dispatching the specialists, Licensees shall bear the following:

- a) In principle, transportation expenses from (...) to (...) and back is to be paid on an actual expense basis.
- b) (...) per day as a daily allowance.
- c) All of the expenses for medical and surgical treatments that the specialists may receive within "Territory.
- d) All expenses for room and board.

All of the expenses mentioned in the above with the exception of c) and d) shall be paid in advance.

3. Working time of the specialists for a day shall be within eight (8) hours and working days shall be (...) days a week in principle. If the specialists shall work over or work in midnight, Licensee shall, in addition to the payments provided In the preceding paragraph, pay the following money.

- a) After finish of work, (...) one (1) hour excess till (...) at night and from (...) in the morning to starting time of work.
- b) Licensee shall bear fully responsibilities for health care, life and properties for the specialists.

(8) TECHNICAL TRAINING

Example 8-1: Technical assistance by the licensor

During the period of twelve (12) months immediately following the Effective Date the Licensor shall, at the Licensee's request, procure the attendance from time to time of a qualified representative of the Licensor or its consultant at the premises of the Licensee or at such other places as may be agreed between the parties to give assistance in the start-up and initial manufacture of Licensed Product pursuant to this Agreement. The Licensee shall reimburse the Licensor in respect of traveling (including business class air fare) and accommodation expenses of the representative or consultant for any such attendance, not later than one (1) month from the receipt of the invoice attached with proper documentation (such as receipts, etc evidencing such expenses) from the Licensor after completing such attendance.

Example 8-2: Technical training

1. Licensor agrees to train, at the request of Licensee, Licensee's trainees (hereinafter referred to as "Trainees") at Licensor's plant to obtain with no additional charge such instructions, Information and data as may be necessary for the manufacture of Products by Licensee. The number of Trainees and the time when they shall be sent shall be arranged from time to time with the consent of Licensor.
2. The travelling and living expenses and the insurance of Trainees will be at the charge and under the responsibility of Licensee. This training will be provided by Licensor without additional fee.

Example 8-3: Technical advice and training

1. Licensor agrees to give Licensee technical advice and instruction on the manufacture of Licensed Product by correspondence or through Licensee's engineers or other personnel dispatched to the Licensor.
2. Licensor agrees to allow Licensee's personnel to visit the laboratories or other facilities of Licensor for the purpose of study or receiving technical advice or Instruction during the life of this Agreement. The entire costs of visits of Licensee's personnel to Licensor, including salary, travel, and living expenses, shall be borne by Licensee. The date of such visits shall be mutually determined in due course. Licensee shall bear the direct costs of training by Licensor at the Licensor's laboratories or other facilities.
3. Licensor agrees to send the Licensor's technical expert to Licensee for a period not exceeding one (1) month in order to assist the start-up of the first manufacturing process of Licensed Product. Licensor agrees to send the Licensor's technical expert or other proper personnel of Licensor to the designated place by Licensee during the life of this Agreement, upon request of Licensee and consent of Licensor, in order to assist Licensee pursuant to this Agreement. The entire costs of such visits, including salary, travel and living expenses, shall be borne by Licensee. The date of such visits shall be mutually determined In due course.

Example 8-4: Technical training by Licensor

1. Licensor agrees, upon the request of Licensee, to train Licensee's technical employees for the manufacturing and formulation of the Licensed Product under the Patents and Know-How by Licensee hereunder at Licensors premises. The number of the technical employees for any one time shall not be more than (...) and the total number of training days shall not be more than (...) man days during the life of this Agreement.
2. In case Licensee dispatches its technical employees to Licensor for the purpose contemplated hereunder, Licensee shall bear any and all costs and expenses Incurred therefore and shall pay to Licensor the technical fees for the period from the arrival to Licensor's premises to the departure therefrom, and In such case the rate of such training fees shall be agreed upon at the time of dispatch based upon the proposed technical training. In such case Licensee shall adequately insure such employees for all risks and shall hold harmless and Indemnify Licensor from and for any all events caused to or caused by such employees.

Example 8-5: Training

Licensor covenants to provide Licensee training of certain of its personnel at the time the first installation trip by Licensor into the Territory is accomplished, at a fee to be negotiated at the time said installation trip is actually accomplished. In the alternative, Licensee may, upon reasonable notice, obtain training of (...) of its personnel at Licensor's principal place of business. Travel, lodging, and all related expenses of such training shall be borne by Licensee.

(9) TRADEMARK LICENSE

Example 9-1: Use of Licensors trademarks

Licensee undertakes to ensure that any sales of the Products shall be made under the trademark authorized by Licensor for each system. Licensee's use of the trademarks shall be in compliance with Licensor's instruction as to all respects.

Example 9-2: Trademarks and Tradenames

The Licensed Product manufactured and sold under this Agreement by Licensee shall be marked with Licensor's trademarks or trade names designated by Licensor.

Licensee shall not allow or permit any other party to use such Licensor's trademarks or trade names. Licensor's designation of Licensor's trademarks or trade names under this Agreement shall not mean the transfer to Licensee of Licensor's rights on the trademarks or trade names. Licensee shall not, except prior written consent of Licensor, use Licensor's trademarks or trade names, in any manner after the expiration or termination of this Agreement.

Example 9-3: Trademarks license

ABC hereby grants to XYZ, during the term of this Agreement, the exclusive right and license, whether in combination with XX X's own trademarks or not, to use the Trademarks with respect to the marketing in the Exclusive Territory of the Licensed Products manufactured by XX%.

ABC also grants to XYZ, during the term of this Agreement, the non-exclusive right and license, whether In combination with XX X's own trademarks or not, to use the Trademarks with respect to the marketing in the Non-exclusive Territory of the Licensed Products manufactured by XX%.

Example 9-4: Trademarks

Licensee shall use on Products only the trademarks designated by Licensor. Except as provided in this Agreement, Licensee acknowledges that it shall not secure under this Agreement any right, title or interest in or to any of such trademarks, or In connection with Products and that it shall not use such trademarks on any other products than Products.

(10) QUALITY CONTROL

Example 10-1: Quality and other controls

Licensee warrants that the Licensed Product manufactured and sold hereunder shall be at Its own responsibility of good quality comparable to corresponding products manufactured and sold by Licensor and shall be suitable for their intended purpose: that no injurious, poisonous, deleterious or toxic compounds and chemical raw materials will be used In or on the Licensed Product, that the Licensed Product will not be inherently dangerous to the users thereof and that the Licensed Product will be manufactured, used and sold by Licensee in strict compliance with all applicable laws and regulations of the countries of the Territory.

Example 10-2: Quality of licensees service

In the provision of education, installation, assistance, maintenance and query support services as outlined in the above article (Sale of Products), Licensee undertakes to the best of its ability to ensure that Licensee allocates staff with adequate experience, to the marketing and support of the Products. Licensee further undertakes to use its best endeavor to create an image of substance and expertise behind the Products.

Example 10-3: Quality control

(1) The quality of the Licensed Products to be manufactured and sold by XYZ shall be in accordance with the quality standards reasonably designated ABC and any substantial deviation there: from shall require the prior written approval of ABC.

(2) XYZ shall, by request of ABC, at its own expenses, make available samples of the Licensed Products manufactured by XX for inspection by ABC with respect to the quality thereof.

Example 10-4: Quality

Licensee shall manufacture Products in conformity with the quality standards and/or specifications of Licensor, as furnished by Licensor from time to time. Licensor shall have the right to inspect Licensee's plant, equipment and manufacturing techniques, and to receive samples of Products, free of charge, so as to determine whether Licensee is manufacturing Products in conformity with Licensor's quality standards and/or specifications.

Licensor shall advise Licensee of any discrepancies in quality or adherence to specifications, and Licensee shall, upon receipt of such advice, promptly correct any discrepancies to Licensor's satisfaction.

(11) CONSIDERATION OF ROYALTY

Example (1): Royalties and Payments

1. In consideration for the grant of this license, Licensee shall pay to Licensor a royalty on the following basis:

- a) Either ... % of the end user price of the Products and all Licensor accounting packages sold to end users, or
- b) ... % of the price of the Products and all Licensor accounting packages sold to dealers.

2. Licensee shall calculate royalties every three (3) months and remit them to Licensor within ... days after the end of said three (3) month period, accompanied by the accounting statement showing the calculation and aggregate amount of royalties.

Example (2): Considerations

(1) In consideration of the grant of a right and license, disclosure of Technical and technical assistance by ABC under the Articles ... and ... of this Agreement, XYZ shall pay to ABC;

(a) An initial payment: ...United States Dollars (\$) payable within ... (...) days after the Effective Date.

(b) A running royalty: ...percent (%) of the Net Selling

Price of the Licensed Products sold, used or otherwise disposed of by XYZ. The running royalties shall be paid semiannually within sixty (60) days from the end of each fiscal half year of XYZ.

(2) The amount of any withholding tax levied on any payment to be made by XYZ to ABC hereunder shall be borne by ABC. XYZ shall withhold the tax from such payment and pay it to the appropriate government authority. XYZ shall, thereafter, send ABC the official certificate of tax payment.

(3) XYZ shall keep full and adequate records and books of account, showing all TECHNICAL necessary for the accurate determination of royalty payments hereunder for the preceding five years. XYZ shall, during the reasonable business hours, permit ABC or Its representatives to inspect any or all parts of the records and books of account kept by XYZ hereunder.

Example (3): Royalty

1. In consideration of the license and the technical assistance provided herein, Licensee shall pay to Licensor the license fee of..., Which shall be payable within...days after the execution of this Agreement.

2. Licensee shall further pay to Licensor, during the term of this Agreement and any renewal term thereof, ...percent (...%) against Net Selling Price of Products sold, used, assigned, exhibited or donated hereunder.

3. If the running royalty payable by Licensee to Licensor in respect of Products sold by Licensee shall not amount to... in each year commencing with the 2nd year during the life of this Agreement, Licensee shall pay to Licensor within ...days from the expiration of each such year such a sum as the aggregate of the running royalty paid or payable to Licensor for such year shall be equal to the amount of ... for such year with- out any deductions whatsoever.

Example (4): Compensations

In consideration of the license and all other rights granted to Licensee hereunder, Licensee pay to Licensor, during the life of this

Agreement, the compensations as follows:

a) Within (...) days after the Effective Date of this Agreement, Licensee shall pay to Licensor the sum of (...) as an initial license fee.

b) In addition to the initial license fee provide in paragraph a) above, Licensee shall pay to Licensor the guaranteed minimum royalty for each annual period as follows:

US\$ (...) for the first Annual Period (...) (...);

US\$ (...) for the second Annual Period ()(...);

US\$ (...) for the third Annual Period (...)(...);

US\$ (...) for the fourth Annual Period (...) (..) and each succeeding year.

The said guaranteed minimum royalty shall be paid in (...) equal quarterly installments on the (...) day of each (...), (...), (...), (...) and (...) during the life of this Agreement.

c) In addition to the guaranteed minimum royalty provided in paragraph b) above, Licensee shall further pay to Licensor a percentage royalty computed at the rate of (...) percent (%) of the Net Sales of the Licensed Product sold by Licensee In Territory In excess of the following base figures for each Annual Period: :

US\$ (...) for the first Annual Period (...)... (...);

US\$ (...) for the second Annual Period (...)(...);

US\$ (...) for the third Annual Period (...) (..);

US\$ (...) for the fourth Annual Period (...) ... (..) and each succeeding year.

The said percentage royalty, if any, shall be paid in (...) on the day of (...) of each year during the life of this Agreement.

d) Notwithstanding provisions set forth in paragraphs b) and c) above, each amount of the minimum guaranteed royalty and the rate of the percentage royalty set forth in such Paragraphs shall be deducted by one half thereof in case all Patents covering the Licensed Products should become invalid for any reason or be expired in the Territory.

e) The sum thus due by Licensee to Licensor shall be paid by telegraphic remittance, to a bank account Indicated in due time by Licensor.

(12) PAYMENT

Example: Payment

1. The running royalty referred to in the Paragraph...of Article...hereof shall be paid quarterly, for the three (3) month period ending with the last day of,.....and ...of each year, on or before the last day of,..... of each year respectively.

2. All payments shall be made in ... and to the bank account in ...designated by Licensor converted from ...currency at the exchange rate at the time of remittance.

(13) REPORT AND RECORD

Example (1): Report and Record

1. Licensee agrees to make written report to Licensor within...days after the end of the calendar quarter being a three (3) month period ending with the last day of,..... andfollowing the date of execution of this Agreement and each calendar quarter thereafter during the life of this Agreement stating In each report, the number, description, and selling price of Products sold or otherwise disposed of under the license granted herein during the preceding calendar quarter.

Simultaneously with making each report Licensee shall compute the running royalty due and make payment thereof to Licensor.

2. Licensee shall keep full, clear and accurate records of the account with respect to Products subject to the running royalty. Licensor shall have the right through its accredited representatives to examine and audit, during normal business hours, annually (or at less frequent intervals), all such records and such other records and accounts as may under recognized accounting practices contain technical bearing upon the amount of royalty payable to it under this Agreement. Prompt adjustment shall be made by Licensee to compensate for any errors or omissions disclosed by such examination or audit, Neither such right to examine and audit nor the right to receive such adjustment shall be affected by any statement to the contrary appearing on checks or otherwise, unless such statement appears by letter, signed by Licensor and delivered to Licensee, expressly waiving such right.

Example (2): Books of account

1. Licensee agrees that it will at all times keep complete, separate and accurate books of account containing a current record of the Licensed Product manufactured and sold by Licensee in Territory, and that such books will be maintained in sufficient detail to enable Licensor or its authorized representative to ascertain the percentage royalty accruing and payable hereunder. Said books and the supporting data shall be open a all reasonable times for a period of (...) years following the end of each Annual Period provided in article...hereof to which they pertain to the inspection of an independent certified public accountant retained by Licensor or its authorized representative for the purpose of verifying Licensee's percentage royalty payments or compliance in other respects with this Agreement.

2. On the (...) day of (...) of each year, Licensee shall deliver to Licensor or its authorized representative a true and accurate accounting of the business conducted by Licensee under this Agreement during the preceding Annual Period.

Example (3): Accounts and Records

(Computer Soft License Agreement)

During the term of this Agreement, Licensee agrees to keep accurate accounts and records covering the transactions relating to of arising out of this Agreement and grants to Licensor or its authorized representative the right to examine the books of account and all documents and other material in the possession of or under the control of the Licensee with respect to the subject matter and terms of this Agreement, and also the free and full access thereto for the purpose of making extractions from said books of account and documents at all hours during which said offices of Licensee shall be open, to determine the accuracy of reports submitted to Licensor in accordance with Article (...) hereof. Licensee further agrees to preserve and keep available to Licensor all such books of account, documents, contracts, and other data with respect thereto for a period of (...) years after the expiration of this Agreement.

(14) TAXES

Example (1): Taxes

Licensee agrees that it shall pay In addition to the license fee or royalties provided in Article (...), any and all transfer taxes, in particular value-added taxes, which may become payable in a country other than the country of Licensor, and such transfer taxes shall not be deducted from the license fee or royalties due to Licensor. Any taxes required to be withheld from the license fee or royalties due to Licensor, shall be paid by Licensee to the appropriate governmental agency, and the license fee or royalties remitted by Licensee to Licensor shall be the net amount after such taxes have been withheld.

Example (2): Taxes

Licensor shall bear tax to be levied under the ... law on the income of Licensor arising under this Agreement. In the event that Licensee deducts such tax from the amount of income of Licensor, Licensee shall send to Licensor, without delay, a tax certificate showing the payment of such tax.

Example (3): Tax

(Computer Soft License Agreement)

Licensee agrees to be solely responsible for the payment of all applicable (...) taxes, including but not limited to import duties, excise taxes, value-added taxes, sales taxes and income taxes, to the extent any tax is not recoverable as a credit against (...) income taxes. Licensee agrees to aid and assist Licensor in the planning and negotiation of all (...) taxation.

(15) THE MOST FAVORED TREATMENT

Example (1): The most favored treatment

If, at any time during the term of this Agreement, Licensor grants any other license under the Patents, Trademarks and Technical to any third party in connection with the manufacture, use and sale of the Licensed Products in the Non- Exclusive Territory at more favorable consideration than those provided herein, Licensor shall promptly notify Licensee in writing the details of such other license and Licensee may have the option right of adopting equally favorable consideration.

Example (2): Most favored licensee

If licensor, after the effective date, grants a third party (not a subsidiary nor affiliate of licensor or licensee) a license to use the technical information, and immunity under relevant patent rights, in any country of European Economic Community and asian pacific area, which license and immunity are of the same scope as granted in this agreement, and on monetary terms that, when considered In their entirety, are more favorable than those provided herein, licensor shall promptly notify Licensee of such favorable terms and licensee, if it so elects within 45 days from said notice, shall be entitled to accept such more favorable terms for its operations hereunder subsequent to such grant in substitution for the terms herein but only for so long as, and subject to the same conditions as, such more favorable terms are available to said third party. In addition

to royalties, reasonable value shall be attributed to other consideration and rights given to licensor by such third party and taken into account in determining the monetary terms being made available to such third party by licensor.

The modified terms will begin as of the date licensee accepts said terms. Nothing herein shall be construed as requiring a refund or credit of payments or other sums already paid or accrued hereunder prior to such acceptance.

Example (3): The most favored licensee treatment

Following the Effective Date, If the Licensor enters into a similar license agreement In the Territory for Patent and/or Knowhow with any third party under terms and conditions more favorable than those within this Agreement, Licensor shall give immediate written notice thereof to Licensee. If Licensee so elects, It shall automatically become entitled to substitute such more favorable terms for those herein: said substitution to be effective as of the date and continuance of said other license to any third party.

(16) WARRANTY

Example (1): Warranty

Licensor declares that it is the proper and sole owner of the Patents and Trademarks licensed to Licensee hereunder and guarantees to diligently maintain the Patents and Trademarks. Licensor further declares that it is the absolute owner of Technical licensed to Licensee hereunder and It has not divulged or imparted the Technical or any part thereof, to any third party in the Exclusive Territory and Technical Information is free and clear of any and all lien, and demand. Licensor warrants that the Technical shall be sufficient for Licensee to obtain substantially the same results as are actually obtained by Licensor in the manufacture of the Licensed Products.

Example (2): Technical guarantee

Licensor shall guarantee only that its Know-How and other technical information furnished to Licensee will be in accordance with the specification employed In its own business and in no event shall be liable for any damages arising out of or resulting from anything furnished or made

available hereunder or the use thereof and shall be fully indemnified or any claim or claims asserted by a third party or parties.

Example (3): Representations and Warranties

(1) Licensor represents and warrants that it is the owner of Patent Rights and has the right to grant the rights and licenses described herein.

Licensor makes no other warranties, express or implied, regarding the subject matter of this agreement.

(2) Licensor makes no warranty with respect to the validity of Patent Rights. Licensee agrees that Licensor shall not be liable for any loss or damage incurred by Licensee or its customers as a result of any claim that Licensee's operations using Patent Rights Infringes any patent or property right of any third party: nor shall any such claim against Licensee or its customers or any loss or damage resulting there from excuse the payment by Licensee of the full amount of all monies payable by Licensee to Licensor hereunder.

(3) Licensor, its affiliates, and their respective officers, agents or employees, shall not be liable for any loss, damage, Injury or other casualty of whatsoever kind, or by whomsoever caused (irrespective of negligence or fault, whether sole, concurrent, active, passive, comparative, strict, contractual or vicarious of Licensor), to the person or property of anyone, including Licensee or any of its customers, arising out of or resulting from Licensee's or Its customers' manufacture, use or sale of Licensed Product; Licensee agrees for Itself, Its customers, its successors and assigns, to Indemnify and hold harmless Licensor, Its affiliates, and their respective officers, agents and employees, from and against all claims, counterclaims, demands, liabilities, suits, actions, losses, costs and expenses (including all expenses and attorney's fees Incurred or imposed on Licensor, its affiliates, and their respective officers, agents or employees, In connection therewith) for such loss, damage, Injury or other casualty.

Example (4): Warranty

Either party hereto makes no warranty that the manufacture, use and sale of the Product by the other party hereunder will not infringe on any patent owned by any third party, nor does warrant in any respect the quality, yield or cost of production in the other party's use of its Patent,

Technical, Program, Improvement, Background technical and/or Background Patent and it shall not be responsible for any damage, spoilage or personal Injury resulting from such use.

Example (5): Warranty (with limitation)

Licensor represents that to its knowledge at the date of execution of this Agreement the Product does not infringe on any patents of third parties. Licensor will hold Licensee harmless from any such claim for patent infringement from third parties provided that Licensee gives Licensor prompt written notice of any infringement claims. Licensor will at its expense defend such claim, with Licensee to render reasonable assistance. Licensor will pay and discharge seventy (70) percent of any such adjustment or award, that may be rendered against Licensee by a court of competent Jurisdiction which Licensor has accepted In its sole judgement as final and not appealable. Licensee will assume the obligation with respect to the remaining thirty (30) percent of any such adjustment or award, provided that the above provision shall be deemed to constitute Licensor's entire obligation with respect to the consequences of any such infringement.

Example (6): Warranty (100% Warranty)

Licensor shall indemnify and hold harmless Licensee and its as- Signs and customers against all losses, expenses, claims and liability of any nature resulting from actual or alleged patent infringement, in any country, in the use or sale of the Product or any part thereof, furnished by Licensor hereunder (except only any part thereof designated by Licensee) or designated by Licensor. In case the use or sale of the Product or any part thereof is alleged to infringe any patent in any country, Licensor shall, at its expense, either.

- (a) procure for Licensee and its assigns and customers the right to continue to sell and use the Product or part; or
- (b) modify the Product or part so that it becomes non-infringing, provided that such modifications would not materially alter the Product; or
- (c) accept return of the Product or part and refund the purchase price and the transportation costs thereof.

Example (7): No warranty

Licensor shall not warrant the patentability of Patent Application or the validity of the patent rights concerning Patent Application.

(17) INFRINGEMENT SUITS

Example (1): Defense of patent and indemnity

(1) Licensee shall promptly Inform Licensor of any suspected Infringement of any Patent granted on the said application and Licensor shall prosecute, but only after full consultation with Licensee from which Licensor is satisfied that actual Infringement is taking place. If desired by Licensor, Licensee shall reasonably assist Licensor In such defense of Patent, but such assistance will not include participation in the payment of any action legal charges. The proceeds from any judgement or settlement made by Licensor In any such action brought by it shall be used to reimburse Licensee for all expenses Incurred by it in assisting Licensor in prosecuting the action and the remainder of the proceeds shall be retained by and be entirely for the account of Licensor.

(2) Licensee shall promptly inform Licensor of any claims or proceedings made or brought against Licensee in the Territory by a third party which allege that Licensee has infringed the intellectual property rights belonging to that third party. In such event the parties hereto shall false and co-operate with each other to ensure that so far as possible any steps taken by either of them in relation to any claims or proceedings are in the best interest of both Licensee and Licensor. Licensor shall, at its own expense, defend such action or suit. If desired by Licensor, Licensee shall reasonably assist in defense of such suit or action, but such assistance will not include payment of any legal charges.

(3) Neither party shall settle or compromise any suit or action without the consent of the other if the settlement or compromise imposes upon the other Injunctive relief or money damages.

Example (2): Infringement suits

(1) In the event that any legal proceedings are taken by any third party against any possible infringements which may result from Licensee's operation in the use of the Patents, Trademarks or Technical licensed to Licensee hereunder, Licensee shall inform Licensor of such fact without

delay and Licensor shall take any suitable actions for defending or meeting the legal proceedings or settling the infringement with the third party at its own expense. Determination by Licensor as regards what action is to be taken shall not unreasonably be withheld. The defense of such legal proceedings shall be conducted solely by Licensor, however, counsel for Licensee may participate In such proceedings at the cost of Licensee. Any damages shall be paid by Licensor.

(2) If no or insufficient action for defending or meeting such legal proceedings or settling the Infringement is taken by Licensor, Licensee may take any necessary and timely actions by itself and Licensor shall pay any damages and/or reasonable expenses accrued to Licensee from such legal proceedings or any reasonable expenses accrued to Licensee from the settlement. Licensee may withhold the payment of the royalties payable thereafter until such damages, costs and/or expenses are disbursed by Licensor.

(18) IMPROVEMENT

Example (1): Improvements

1. If Licensee develops any improvements or invention relating to Licensed Technology and secure one or more patents on any of such Improvements or Inventions during the term of this Agreement, Licensee shall equally share the ownership of said patents, nevertheless all the rights shall be borne by Licensee.
2. If Licensor and Licensee Jointly develop an improvement or any of such improvement or inventions during the term of this Agreement, both Licensor and Licensee shall equally share the said 40 patents, nevertheless all the costs to file the patent applications and to maintain the patent rights shall be borne by Licensee.
3. If Licensor develops any Improvement or invention relating to Licensed Technology and secure one or more patents on any such Improvements during the term of this Agreement, Licensor shall grant the non-exclusive right to Licensee.

Example (2): Improvements

Licensee hereby agrees to disclose promptly to Licensor any improvements owned, acquired or controlled by Licensee during the life of this Agreement. Licensee further agrees that it shall grant to Licensor a non-exclusive and royalty-free license with the right to grant sublicense to

manufacture, use and sell outside Territory during the life of this Agreement. Upon and after the termination or cancellation of this Agreement for any cause, Licensor shall have the same license without any payment of royalty to Licensee.

Example (3): Improvements

(1) Licensor shall disclose to Licensee from time to time all Improvements.

(2) Licensee shall disclose to Licensor from time to time all improvements of Technical information.

(3) Licensee grants to Licensor

(a) the royalty-free, non-exclusive right to use in any country of the world the said all improvements, with immunity from suit with respect to all patents controlled by Licensee relating to the same,

(b) the royalty-free right to Licensor to grant sublicenses to licensees and Immunities holders of Technical and under Patent Rights, but only to the extent such licensees and Immunity holders have granted Licensor similar rights which innure to Licensee's benefit.

(4) Licensor grants to Licensee

(a) the royalty-free, non-exclusive right to use in any country of the world the said all Improvements, with immunity from suit with respect to all patents controlled by Licensor relating to the same,

(b) the royalty-free right to Licensee to grant sublicenses to licensees and Immunities holders of Technical and under Patent Rights.

Example (4): Improvements

1. In the event either party makes any Improvement or development during the life of this Agreement with regard to Products, such party shall promptly furnish or make available to the other party with no charge, all drawings, data and technical relating thereto, to the extent which adopt, such improvement and/or development.

2. In the event that either party makes an Improvement or development relating to Products, such party shall inform of it to the other party and also has a right to register as patents.

During the life of this Agreement, such party has an exclusive right to use in its own Territory such patents owned by the other party.

(19) SUBLICENSE

Example (1): Sub-Licenses

(a) The Licensee may not grant any sub-licenses without the express written consent of the Licensor. The Licensee may not grant to any sub-licensee a right further to sub-license.

(b) The Licensee shall ensure that:

(i) Sub-licensees shall agree to be bound by all terms and conditions of this Agreement, other than Article (Sub-licenses) to the same extent as the Licensee is bound hereby.

(ii) the sub-licensees shall provide to the Licensee ...

Example (2): Assignment and Sublicensing

The licenses and rights granted hereunder to Licensee shall not be sublicensed to any third party without the approval of Licensor for any reason whatsoever. Licensor shall not assign any and all rights hereunder to anybody without notifying in writing to Licensee in advance and that the licenses and rights granted to Licensee hereunder shall survive such assignment by Licensor.

Example (3): Sublicense

Licensee shall not have the right to grant sublicense to any third party except with prior written consent of Licensor ... statements of the numbers of Licensed Products sold under any sublicense and a copy of such statement shall be attached to statements accompanying royalty payments from the Licensee to the Licensor. c) The Licensee shall remain responsible for rendering of statements and payment of royalty In respect of sub-licenses as well as for performance of all other obligations under this Agreement.

(27) CONFIDENTIALITY OR KEEPING SECRECY

Example (1): Confidential technical

1) During the term of this Agreement and for...years after the termination thereof, Licensee shall hold in confidence and shall not disclose to any third party all technical furnished by Licensor hereunder except for the following technical: (a) which, at the time of disclosure by Licensor, is

in the public domain; (b) which, after the time of disclosure by Licensor, becomes part of the public domain without fault on the part of Licensee; (c) which can be established by competent proof that it was in the possession of Licensee at the time of disclosure by Licensor and was not acquired directly or indirectly from Licensor; (d) which can be established by competent proof that it was received by Licensee from a third party, after the time of disclosure by Licensor, who did not acquire It directly or Indirectly from Licensor.

2) Licensee may communicate the technical furnished by Licensor hereunder to its employees, sub-licensees, subcontractors, agents and distributors to the extent necessary for the manufacturing, distributing, selling and using of the Licensed Products, provided, however, each person to whom such information is communicated shall correspondingly be bound to Secrecy.

Example (2): Confidentiality

1. Licensee shall use Know-how and other technical technical furnished or disclosed to Licensee by Licensor hereunder only for the purpose of manufacturing Products in its Territory and shall not use them for any other purpose in any way.

2. During the life of this Agreement and for...years after termination or cancellation hereof, Licensee shall keep strictly secret and confidential such Know-how and other technical unless disclosure of such such Know-How and technical information is expressly permitted by this Agreement. Licensee also agrees to keep strictly secret and confidential any and all information on improvements or developments made by Licensee during the life of this Agreement.

3. Licensee may disclose wholly or in part Know-how and other technical information mentioned above to limited staff of officers and employees concerned of Licensee. The obligation on the part of the Licensee stipulated in the paragraph 1 of this Article shall extend to the staff of officers and employees of Licensee who are likely to acquire knowledge of such secret and confidential information, and for this purpose Licensee shall take all reasonable precautions in order to ensure the faithful compliance of Its obligation under this Agreement.

4. The obligation imposed on Licensee by this Article shall not apply with respect to any Information which has been furnished and disclosed by Licensor to Licensee and has later become generally available to the public during the life of this Agreement or which is at the time of disclosure in the possession of Licensee.

Example (3): Confidentiality (Computer Soft License Agreement)

Licensee agrees, both during the term and extensions of this Agreement and afterwards, that neither it nor anyone by or through it shall disclose any object or source codes fundamental to the Products or any future additions or modifications thereto, if they, or any of them, should be disclosed in Licensee's dealings with the Products themselves. It is further agreed that if Licensee should make any such disclosure to any person, entity, or association, then Licensee agrees to pay Licensor for each and every breach of this covenant the sum of (...), as liquidated damages and not as a penalty, for such disclosure by or through Licensee. Licensee agrees to take all reasonable precautions against the source or object codes being learned or acquired by any unauthorized person or persons, firm, entity, association, corporation.

Example (4): Secrecy obligation

When promoting, selling, Installing and supporting the Products in terms of this license, Licensee shall use its best efforts to ensure that Its staff and its customers maintain the secrecy in the Products.

Example (5): Confidentiality

Licensee undertakes to use Technical disclosed and supplied to Licensee by Licensor under this Agreement only for the purposes Intended for in this Agreement and further, to treat Technical as confidential. Licensee shall also impose on its employees with access to Technical the obligation to treat Technical as confidential.

(21) CANCELLATION

Example (1): Early termination

(1) This Agreement may be terminated at any time, by either party, if the other party default in the performance o any of Its substantial undertakings in this Agreement and in each case if such default has not been remedied to the reasonable satisfaction of the non-defaulting party within ninety (90) days after written notice of such default has been given to the defaulting party.

(2) The defaulting party shall compensate the non-defaulting party for damages caused by the default in accordance with the section (1) above.

Example (2): Cancellation

1) In case there is any breach of contract under this Agreement by either party during the life of this Agreement, the other party shall give ... days notice requesting such party to correct the breach. If the breach is not corrected or settlement is not reached withindays after the notification in writing of the other party, such other party shall have the right to cancel this Agreement by written notice of cancellation thereafter and loss and damages sustained thereby shall be indemnified by the other party responsible for the breach.

2) Licensor may terminate this Agreement in case proceedings in insolvency or bankruptcy are instituted by or against Licensee or receiver for Licensee is appointed or in case there is change in the control or management of Licensee which is unacceptable to Licensor, provided, however, that such termination shall not constitute a waiver of the right of either party to any sum due and payable by the other party at the time of such termination.

3) Licensee shall have an option to terminate this Agreement if all Patents are declared invalid by the competent authority which has a Jurisdiction over Patents in Territory or If any third party commences manufacture and sale of products which have the same characters in substantial parts of specifications as Products have.

(22) NOTICE

Example (1): Notice

All notices, reports and other communications required or permitted to given hereunder shall be In writing and shall be valid and sufficient if delivered in person or dispatched by registered airmail, postage prepaid in any post office, In Japan or in the United States of America, as the case may be, addressed as follows:

If to Licensor:

If to Licensee:

Either party may change Its address for the purpose of this section by notice to other given in the manner set forth above. Notices given as herein provided shall be deemed to have been given on

the day delivered, if given delivery in person, or ten (10) days after the mailing thereof, if dispatched by registered airmail.

Example (2): Notice

All notices, demands and other communications which shall or may be given under this Agreement shall be made by registered airmail, postage prepaid, or cable and shall be addressed to the parties at their respective office first above referred to, except that either party may change such office by notice in accordance with this Article.

Notices, demands and communications mentioned above shall be deemed to be received and made effective...days after their dispatch.

Example (3): Notices

1) Any notice, communication or report to be given or made by one of the parties hereto under this Agreement to the other shall be given or made in writing prepared in the English language and delivered by hand or transmitted by cable, telex, facsimile or airmail.

2) All statements required of Licensee by this Agreement relative to payments and all other correspondence from Licensee relative to this Agreement shall be addressed to the following address or such changed address as shall be given by written notice.

Licensor's Name:

Address:

Attention:.....

Telex:

Facsimile:

3) All correspondence from Licensor to Licensee relative to monetary considerations of this Agreement shall be addressed as follows, unless otherwise authorized in writing by Licensee:

Licensor's Name:

Address:

Attention:

Telex:

Facsimile:

4) All other correspondence from Licensor to Licensee relative to this Agreement shall be addressed as follows, unless otherwise authorized in writing by Licensee:

Licensor's Name:

Address:

Attention:

Telex:

Facsimile:

5) All payment to be made to Licensor and to Licensee hereunder shall be paid to the following accounts:

To Licensor:

To Licensee: unless otherwise authorized In writing by the receiving party.

6) Any notice shall be deemed to have been delivered on the date actually received by the addressee In the case of cable or telex and on the date so mailed In the case of registered airmail.

(23) ARBITRATION

Example (1): Arbitration

Should any dispute or difference arise between the parties hereto or between their legal representative or between one of them and the legal representative of the other in regard to any matter arising out of or relating to this Agreement or to the interpretation thereof or in regard to the interest of either party thereto, contrary to the terms of this Agreement or in regard to any claim which either party may have against the other, then such matter shall be referred to Arbitration. Licensor and Licensee will each nominate an independent arbitrator, who must both be persons of repute, academic qualification and have some experience of computers. If in agreement, the arbitrators will have full powers to decide the dispute and the parties further agree that the decision of such arbitrators shall be final and that no appeal shall lie against such decision. Should the arbitrators not agree, then they will be required to appoint a further single arbitrator who will qualify under the conditions defined, and who will have full power to decide the dispute even if this involves his recommendation to refer the matter to the courts.

Example (2): Arbitration

All disputes, controversies or differences which may arise between the parties hereto, out of or in relation to or in connection with this Agreement, or the breach thereof, shall be finally settled by arbitration in Tokyo, Japan in accordance with the Commercial Arbitration Rules of The Japan Commercial Arbitration Association. The award rendered by arbitrators shall be final and binding up- on both parties.

Example (3): Arbitration

Any claim or controversy arising between the parties in connection with this Agreement or with a breach thereof which cannot be settled satisfactorily by correspondents or mutual conference shall be settled in Tokyo, Japan, in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce.

Each party shall designate one (1) arbitrator, and the two (2) so chosen shall select a third who shall act as chairman of the arbitration board.

The decision or award of the majority of the arbitration board shall be final and binding upon the parties and judgement thereon may be entered In any court of France, of Switzerland, of Singapore, of United Kingdom, of the United States of America state or federal and of Japan.

Example (4): Arbitration

Any and all controversies or claims arising out of or relating to this Agreement or the breach thereof shall be finally settled by arbitration held in accordance with (...) of (...). The arbitration, including the rendition of arbitration awards, shall be held in (...), There shall be three (3) arbitrators and each party is entitled to designate one arbitrator. The third arbitrator shall (a) be designated in accordance with (...) of the aforesaid Rules, (b) be of a nationality different from either of the parties and from either of the designated arbitrators and (c) have no economic interest in the industry. The award or decision of the arbitrators shall be final and binding upon the parties. Judgment upon the award or decision rendered by the arbitrators may be entered in any court having Jurisdiction thereof.

Example (5): Arbitration

In the event of any dispute or difference which may arise between both parties hereto, out of or in connection with this Agreement, both parties shall promptly make endeavor to resolve such dispute or difference by mutual discussion.

Should such dispute or difference continue to remain unresolved, such dispute or difference shall be settled by binding arbitration. If the arbitration is Instituted by Licensor (in this case American company), it shall be held in Tokyo in accordance with the rules of the Japan Commercial Arbitration Association, and if the arbitration is instituted by Licensee (in this case Japanese Company), it shall be held in New York in accordance with the rules of American Arbitration Association.

(24) NON WAIVER

Example (1): Non Waiver

No waiver by either party, whether expressed or implied, of any provision of this Agreement, or of any breach or default, shall constitute a continuing waiver of such provision of this agreement. Acceptance of payments by Licensor shall not be deemed a waiver of any violation of or default in any of the provisions of this Agreement by Licensee.

Example (2): Waiver

Any failure of either party to enforce, at any time or any period of time, any of the provisions of this Agreement shall not be construed as a waiver of such provisions or of the right of the party thereafter to enforce each and every such provision.

(25) FORCE MAJEURE

Example (1): Force majeure

If performance of this Agreement is interfered with, for any length of time, by Act of God, war, civil commotion, epidemics and other similar occurrences which are beyond the control of either party, neither party shall be held responsible for nonperformance of this Agreement for such length of time.

Example (2): Force majeure

If the performance of this Agreement or of any obligation hereunder, except the making of payments hereunder, is prevented, restricted or interfered with by reasons of fire or other casualty or accident; strikes or labor disputes: inability to procure raw materials, power or supplies: war or other violence, any law, order, proclamation, regulation, ordinance, demand or requirement of any government agency: or any other act or condition whatsoever beyond the reasonable control of the parties hereto, the party so affected, upon giving prompt notice to the other party shall be excused from such performance and released of any liability to the extent of such prevention, restriction or interference: provided that the party so affected shall use its best efforts to avoid or remove such causes of non-performance and shall continue performance hereunder with the utmost dispatch whenever such causes are removed.

Example (3): Force majeure

Neither of the parties hereto shall be liable for failure of performing its obligation hereunder due to riot, act of God, war, fire, flood, Invasion, earthquake, epidemics, interruption of transportation, embargo, explosion, strike, lockout or other labor troubles, or any other causes similar to the foregoing which are beyond the reasonable control of the party and the performance of obligation hereunder shall be suspended during, but no longer than, the existence of such cause.

(26) INTERPRETATION

Example (1): Interpretation

This Agreement shall be interpreted in accordance with the laws of (...) and shall be binding upon the parties hereto, their respective successors and assigns.

Example (2): Interpretation

This agreement shall be interpreted according to the laws of.....

(27) ASSIGNMENT

Example (1): Non-Assignability

Neither of the parties hereto, without prior written consent of the other party, may assign rights or obligations hereunder in whole or In part to any third party.

Example (2): Assignment

Neither this Agreement nor any part of the rights conferred hereby shall be assigned or transferred, by Judicial process or other-wise, to any person, firm or corporation without the prior written consent of the other party, and in the event any such assignment or transfer is attempted without such consent, this Agreement and all the rights conferred hereunder shall, at the option of the other party, immediately cease and terminate. However, the parties hereto shall be entitled to assign this Agreement to any of its wholly-owned subsidiaries, or any wholly-owned subsidiary thereof, provided that if any such subsidiary of one party shall cease to be wholly-owned, this Agreement may be terminated by the other parties thereof.

(28) GOVERNING LAW**Example (1): Governing Law**

This Agreement shall be construed and take effect as a contract made in accordance with the laws of ...

Example (2): Governing Law

The validity and Interpretation of this Agreement and of each clause and part thereof shall be governed by the laws of ...

(29) MODIFICATION**Example (1): Modifications**

Since all of the situations which are likely to arise as a result of this Agreement cannot be foreseen, the parties hereto intend to discuss and execute such modifications of this Agreement as seem appropriate through mutual consent. Any such modifications shall be signed by the parties hereto and become a part of this Agreement.

Example (2): Variation, Modification, etc.

No variation, modification nor waiver of any provision by this agreement or no consent to any departure by any party therefrom, shall in any event be of any force or effect unless the same shall be confirmed In writing, signed by the parties and then such variation, modification, waiver or consent shall be effective only to the extent for which it may be made or given. This Agreement constitutes the sole and exclusive agreement between the parties and no warranties, representation, guarantees or other terms and conditions of whatsoever nature not contained and recorded herein shall be of any force and effect.

(30) SEVERABILITY

Example (1): Severability

If any provision or any portion of any provision of this Agreement shall be held to be void or unenforceable, the remaining provisions of this Agreement and the remaining portion of any provision held void or unenforceable In part shall continue in full force and effect.

Example (2): Severability

Both the parties hereby expressly agree that it is the intention of neither party to violate any public policy, statutory or common law, and that if any provision, sentence, section, clause or combination of the same is declared or found to be illegal, unenforceable, Ineffective or void under any such law, said provision, sentence, section, clause or combination of the same shall be inoperative and divisible here from and both parties shall be relieved of all obligations arising there under subject to equitable adjustment.

The remainder of this Agreement, if capable of performance, shall not be affected by such declaration or finding.

(31) LANGUAGE

Example (1): Language

This Agreement is executed and signed in English version as good valid. All correspondence between the parties shall be in English.

Example (2): Governing Law and Language

This Agreement is in the English language, executed in duplicate originals, each to be retained by each party hereto, and it shall be governed by and interpreted in accordance with the laws of the State of New York, United States of America.

(32) HEADINGS

Example (1): Headings

Headings of the Articles used in this Agreement are inserted for convenience of reference only and shall in no way affect the Interpretation hereof.

Example (2): Article Titles

The title of the Articles of this Agreement have been inserted only to facilitate reference and shall not be taken as being of any significance whatsoever In the construction and interpretation of this Agreement.

Example (3): Headnotes

The headnotes of the paragraphs of this Agreement shall be for reference purposes only and shall not take effect the interpretation of the paragraphs to which they relate.

(33) TERM

Example (1): Duration

This Agreement shall, subject to validity of Patents, remain In force for a period ... years from the date of execution and shall remain in force for an additional ... year period unless written notice of termination is provided by either party to the other at least ... days before the expiration of the period of first ... years.

Example (2): Term

This Agreement shall come into effect on the Effective Date. It shall remain in force for a period of (...) years from the Effective Date, except In case of earlier termination in accordance with the provision of Article 18 (Termination: refer to Ex.34-1) hereof.

Example (3): Term of agreement

1. This Agreement shall become effective upon the effective date and shall continue In full force until the last case among below ones:

(1) the tenth anniversary of the effective date of this Agreement.

(2) the expiry of the last patent right regarding the Technology.

(3) the final and conclusive date of rejection regarding the last patent application related to the Technology.

(4) the final and conclusive date of invalidation trial regarding the last patent right related to the Technology.

(5) the final]l and conclusive decision date of invalidation trial at judicial court regarding the last patent right related to the Technology.

2. Notwithstanding the above, Licensee shall keep confidential in accordance with Article ... (Secrecy) for five (5) years after the termination of this Agreement.

(34) TERMINATION**Example (1): Termination**

Either party may terminate this Agreement without notice on the happening of any of the following events:

a) On a breach of this Agreement by the other provided that the party not in breach may, in lieu of terminating this agreement, call upon the other party to remedy the said breach within a specified time and should the said breach be remedied then this Agreement shall continue in force upon the same terms,

b) If there be any change in the control of other party which in the opinion of another party may prejudice the interests of another party,

- c) If the other party becomes insolvent or bankrupt or makes any composition with its creditors, or fails to make any payments under Article 8 (Compensation) of this Agreement,
- d) If at any time during the life of this Agreement Licensor finds that the quality of the Licensed Product manufactured and sold by Licensee hereunder is not in accordance with Article 13 (Quality and other Controls) hereof.

Example (2): Term and Termination

(1) This Agreement, unless earlier terminated pursuant to the paragraphs (2) and (3) below, shall continue in full force and effect for a period of ten (10) years as from the Effective Date provided, however, Licensee may extend the term of this Agreement by notice in writing to Licensor at least six (6) months prior to the expiration of said ten (10) year period. In the event Licensee extends the term of this Agreement, the rate of running royalty shall reasonably be reduced to the extent to be agreed upon by the parties hereto.

After the expiration of the Agreement or early termination hereof due to the breach committed by Licensor, Licensee may be free to use any and all Technical, received up to the date of expiration or termination, in connection with the use, sale and manufacture of the Licensed Products without any further payments to Licensor.

(2) In the event that either of the parties hereto, at any time during the term of this Agreement, commits the breach of any provision hereunder, and fails to rectify such breach within ninety (90) days from the receipt of written notice thereof from the other party hereto, such other party may, at Its sole option, and in addition to any remedies that it may be entitled to, terminate this Agreement forthwith by writing to the breaching party to such effect within thirty (30) days from the end of the above ninety (90) days period.

A waiver of the breach of any provision hereunder shall not be construed as a continuing waiver of other breaches of the same or other provisions hereunder.

(3) In the event of any adjudication of bankruptcy, appointment of receiver by a court of competent Jurisdiction, assignment for the benefit of creditors, or levy of execution directly Involving either of the parties hereto, the party Involved shall promptly inform the other party hereto of such fact and such other party may, at Its sole option, terminate this Agreement forthwith by notice In writing the party Involved to such effect within thirty (30) days from the

receipt of the above notice provided, however, that such termination shall not Impair or prejudice any right or remedy that the terminating party might otherwise have hereunder.

Example (3): Termination

(1) This Agreement may be terminated by either party by written notice if the other commits any breach of any obligation or condition contained herein on its part to be performed or observed and has failed to remedy such breach within thirty (30) days of receipt of written notice requiring it to do so.

(2) This Agreement may be terminated by Licensor if Licensee shall have a receiver appointed of the whole or any part of its assets or if an order shall be made or a resolution be passed for winding up Licensee unless Licensor agrees that such order or resolution is part of a scheme of reconstruction of Licensee.

(3) Licensor may by notice in writing forthwith terminate this Agreement upon Licensee becoming amalgamated with or becoming a subsidiary of any company or being purchased by a person, firm, company, corporation or any other organization.

(4) Licensor may terminate this Agreement if Licensee fails to order one set of Licensed Products for each of 10 and 15 litre size Licensed Products and commence manufacture of Licensed Products within ten (10) months of the date of execution of this Agreement, provided that if the time taken to deliver Licensed Products in Japan from date of order is greater than six (6) months the period of ten (10) months will be extended by the amount of extra delivery time.

(35) STEPS AFTER TERMINATION

Example (1): Steps after termination

Upon the termination of this Agreement in any manner provided herein, Licensee shall stop the use of the Patents and return to Licensor all Know-How and other technical Information furnished by Licensor to Licensee and shall thereafter make no further use of the same nor of any knowledge, skill or other data as to any and all of the Licensed Product covered by this Agreement, whether acquired from Licensor or directly by Licensee nor divulge nor disclose the same to any one, and Licensee shall cease and desist from continuing the manufacture, use and sale of any and all of the Licensed Product or similar products or modifications thereof.

Example (2): Steps after termination

1. Upon and after the termination or expiration of this Agreement either party shall make no further use of Patents, Know-how and other technical TECHNICAL of the other party licensed hereunder and shall cease to manufacture, use, lease, sell and otherwise dispose of Products and / or the said combined products.
2. Notwithstanding the paragraph 1 of this Article, In the event of the termination of this Agreement by reason of the breach or default of either part, the license or right granted to the other party by such party hereunder shall survive the termination of this Agreement.

Example (3): Adjustments after termination (Computer Soft License Agreement)

Upon the termination of this Agreement for any reason whatsoever all rights and privileges herein granted to Licensee shall immediately cease and terminate and Licensee shall immediately pay to Licensor all monies due hereunder to the date of termination and provide to Licensor an accounting report as specified in Article 6 (Report) as of the date of the termination.

Licensee covenants and agrees to immediately upon the termination of this Agreement cease to represent itself as a licensee for the Products, and to entirely discontinue all use of Licensor's service marks, trademarks, tradenames, logotypes, methods, or techniques in any forms, and, if applicable, to change the name under which Licensee conducts its business so as to eliminate therefrom the words (...), (...), or any other name or logotype, or the subject or this license or any addendum thereto. Licensee further covenants and agrees for a period of (...) years after the termination of this Agreement for any reason whatsoever, either solely or Jointly with or as agent or employee for any other person, firm, or company, directly or indirectly, to refrain from carrying on or being engaged, concerned, or interested in any business of developing, advertising, promotion, marketing, or selling computer systems to the (...) Industry and its customers within the Territory, except with the written consent of Licensor.

(36) INCONTESTABILITY

Example (1): Incontestability

Licensee shall, during the term of this Agreement, admit the validity of the Patents and/or Trademarks and agree that, if admissible under the existing laws and regulations of the Territory, Licensee shall not, either directly or indirectly, contest nor assist others in contesting the validity of the Patents and/or Trademarks.

Example (2): Validity of patents

If Licensee contests the validity of any patents of Licensor or the ownership or other Interest of Licensor therein, during the effective term and In a manner provided for by the terms of this Agreement, Licensor may execute the right to terminate this Agreement.

(37) DISPUTES

Example (1): Settlement of disputes

All disputes, controversies, or different which may arise between the parties hereto, out of or in relation to or in connection with this Agreement, or for the breach thereof, shall be finally settled by arbitration pursuant to the Japan-American Arbitration Agreement, of September 16, 1952, by which each party hereto is bound.

Example (2): Contest (Computer Soft License Agreement)

Licensee acknowledges that the grant herein provided is a license of limited duration, subject to termination as herein provided. Licensee further covenants not to contest Licensor's exclusive ownership and rights in and to the trademarks, tradenames, logotypes, or the Products described herein. All use of said trademarks, tradenames, logotypes, or the Products is subject to the control and prior approval in respect of Licensor.

Please feel free to contact us for more details.