



PATENT LICENCE AGREEMENT

DATED THE ____ DAY OF _____ 20__

BETWEEN

Company Pty Ltd ACN: 111 222 333

AND

Other Company Pty Ltd ACN: 333 222 111

PATENT LICENCE AGREEMENT

THIS AGREEMENT dated the _____ day of _____ 20__.

BETWEEN: Company Pty Ltd ACN: 111 222 333 having its registered office at1
Sydney Street Sydney 2000 (the “Licensor”);

AND: Other Company Pty Ltd ACN: 333 222 111 having its registered office at1
Brisbane Street Brisbane 7000 (the “Licensee”).

BACKGROUND:

- A. The Licensor is the holder of a patent with related trade secrets in relation to a Air-conditioning units and has the right to license the patent.
- B. The Licensee wishes to exploit the patent and seeks a licence from the Licensor to use the patent and trade secrets for that purpose.
- C. The Licensor has agreed to grant the licence and the Licensee accepts the licence on the following terms and conditions.

THE PARTIES AGREE:

1. LICENCE

- 1.1. The Licensor grants a non-exclusive licence to the Licensee to exploit the Patent and the Trade Secrets for the Term in the Territory for the Purpose.
- 1.2. The Licensee may assign the Licence only with the prior written consent of the Licensor however the Licensor may assign any or all of its rights under this Agreement at its discretion.
- 1.3. The Licensee may sub-license the Licence only with the prior written consent of the Licensor and the Licensor reserves the right to impose any condition in connection with giving its consent. Where the Licensor consents to a sub-licence, the Licensee must provide a signed copy of the sub-licence agreement including any amendments to the Licensor within thirty (30) days.
- 1.4. This Agreement may only be varied in writing signed by both parties.

2. TERM OF LICENCE

- 2.1. The parties agree that the Licence is for a period of three (3) months from the Commencement Date (the “Term”) unless terminated by either party pursuant to this Agreement.

Initial: _____

3. ROYALTY, ACCOUNTING & PAYMENTS

- 3.1. In consideration for the Licence, the Licensee will pay the Licensor the Royalty set out in Part E of the Schedule.
- 3.2. The Licensee is not obliged to pay the Royalty due unless it has received a Tax Invoice from the Licensor.
- 3.3. The Licensee will render to the Licensor an account every six (6) month(s) due on the last day. The account will include both the number of Products produced and, if the Licence includes selling the Product, the Net Sales Price for the period.
- 3.4. The Licensor is responsible for paying any government tax, duty or impost relating to the grant of this Licence including any fee to record the Licence.
- 3.5. For a period of seven (7) years starting on the Commencement Date, the Licensee must keep and maintain separate and accurate records including accounts of the production and sale of the Product.
- 3.6. The Licensee will permit the Licensor or its agent at reasonable times and on reasonable notice access to inspect and make copies of the Licensee's books and accounting records for the purpose of verifying the Licensee's compliance with its obligations under this Agreement.
- 3.7. The obligations on the Licensee set out in this Clause 3 apply to any amounts due to the Licensor under any sub-licence granted pursuant to Clause 1.3.
- 3.8. If during the Term the Patent expires, is revoked or is found to be invalid or grant of patent is refused which affects the exclusivity of the Licensor's rights, then the Royalty payable by the Licensee will be reduced effective from the date of such expiry, revocation or invalidity or Patent Office official non-grant by 10 percent.

4. MINIMUM QUANTITY REQUIREMENT

- 4.1. The Licensee must comply with any Minimum Quantity Requirement set out in Part G of the Schedule. If the Licensee is or becomes aware that it is or may become unable to comply with a Minimum Quantity Requirement, the Licensee must notify the Licensor as soon as practicable.
- 4.2. Should the Licensee fail to meet a Minimum Quantity Requirement, the Licensor reserves the right to either terminate the Agreement or revert the Licence to one of non-exclusivity (if presently on an exclusive or sole basis) and the Licensor will be entitled to all remedies available for breach of this Agreement.:

5. INTELLECTUAL PROPERTY

- 5.1. The Licensee acknowledges that the Licensor is the patentee of the Patent and that ownership of the Patent will remain vested with the Licensor.
- 5.2. If the Licensee creates Enhancements to the Patent during the currency of this Agreement, the Intellectual Property Rights in those Enhancements vest immediately in the Licensor.
- 5.3. Where the Licensee becomes the owner of Intellectual Property Rights in Enhancements pursuant to Clause 5.2, the Licensee grants the Licensor a royalty-free, transferable, non-exclusive licence to exploit those Enhancements in any jurisdiction except New South Wales during the currency of those Enhancements.

6. CONFIDENTIAL INFORMATION

- 6.1. Each party undertakes not to use or disclose to any other person or entity any of the other party's Confidential Information, Trade Secrets and Enhancements and will only use such information in good faith and for the proper purposes of this Agreement and subject to any restrictions imposed by the party that provides the information. This clause survives the end or termination of this Agreement.
- 6.2. Notwithstanding Clause 6.1, a party may disclose information if and to the extent that such disclosure is required by law or court order.

7. ACCESS TO PATENT TECHNOLOGY

- 7.1. Subject to first signing any confidentiality agreement required by the Licensor, the Licensor will permit the Licensee or its representative/s to visit the Licensor's premises for the purpose of obtaining full particulars and technical information relating to the proposed exploitation of the Patent under this Agreement.
- 7.2. In relation to visits provided for in Clause 7.1, each party:
 - (a) will bear its own costs incurred by its representatives making such visits;
 - (b) accepts liability for loss or damage resulting from injury to or the death of its representatives during such visits unless the injury or death was caused by the negligence of the other party; and
 - (c) agrees to indemnify the other party against any such loss or damage.
- 7.3. At the Licensee's request, the Licensor will provide personnel at premises nominated by the Licensee for a period of three (3) Weeks. All reasonable and proper expenses incurred by the Licensor's personnel in complying with this undertaking will be met by the Licensee.

- 7.4. For the currency of this Agreement and at the Licensee's request, the Licensor will on reasonable notice at its own expense provide the Licensee with all reasonable assistance which includes but is not limited to technical advice in relation to the Product, manufacturing and processing the Product, operating manuals and Trade Secrets.
- 7.5. If during the currency of this Agreement the Licensor creates Enhancements, the Licensor will provide these as soon as practicable to the Licensee.

8. MANUFACTURING AND LABELLING COMPLIANCE

- 8.1. The Licensee will manufacture and label the Product in accordance with any applicable legal or industry standard required in the Territory where the Product will be sold. The Licensee undertakes not to sell any Product in the Territory which does not so comply and the Licensee indemnifies and holds harmless the Licensor from any loss or damage arising in connection with a claim or action in breach of this undertaking except where such claim or action relates to defective design.
- 8.2. The Licensee will permit the Licensor or its representative (which will not be a competitor of the Licensee) access to the production facilities during business hours on reasonable notice for the purpose of inspecting the Product manufacture and to verify the use or non-use of the Patent, Trade Secrets and the Licensor's Enhancements.

9. LICENSOR REPRESENTATIONS, WARRANTIES & UNDERTAKINGS

- 9.1. The Licensor represents and warrants that it has the right to license the Patent to the Licensee. This is an essential term which survives the end or termination of this Agreement.
- 9.2. The Licensor was entitled to file the patent application and to the Licensor's best knowledge the subject matter of the Patent application/grant is not part of the state of the art in Australia.
- 9.3. The patent application/s comprised in the Patent have been made in the prescribed form and manner.
- 9.4. The Licensor has and for the currency of this Agreement will continue to have full right and title to the Patent, the Trade Secrets and Licensor Enhancements.
- 9.5. The Licensor warrants that all materials comprised in the Trade Secrets relating to the Patent are, to the best knowledge and belief of the Licensor, true, accurate, reliable and up to date.

- 9.6. The Licensor will pay annual maintenance fees when due and, if the Patent is not yet granted, will do everything reasonably necessary to obtain a grant during the Term.
- 9.7. The Licensor undertakes to regularly inform the Licensee of any Enhancements to the Patent including Trade Secrets created or acquired by the Licensor during the currency of this Agreement.
- 9.8. The Licensor will execute or provide any document required by the Licensee to enable the Licensee to be recorded on the Patent Register however the Licensee bears all costs and expenses relating to such recordal.
- 9.9. The Licensee's exploitation of the Patent for the Purpose will not infringe the rights including Intellectual Property Rights of any third party.

10. LICENSEE OBLIGATIONS, WARRANTIES & ACKNOWLEDGEMENTS

- 10.1. The Licensee may only exploit the Patent during the Term for the Purpose. This is an essential term which survives the end or termination of this Agreement.
- 10.2. The Licensee will use its Best Endeavours to commercialise the Patent, Trade Secrets and Enhancements (if any) and to manufacture and market the Product.
- 10.3. The Licensee will ensure that all Product created pursuant to this Licence will bear whatever proprietary statement is required by the Licensor which may include "patent pending" or "patent granted".
- 10.4. The Licensee is not permitted to sell, charge, mortgage or otherwise encumber the Patent in any way.
- 10.5. The Licensee is not permitted to claim or hold itself out, engage in any conduct or make any representation the effect of which would suggest that it is the agent of the Licensor.
- 10.6. The Licensee will take out all necessary insurance including product liability insurance which it must maintain for the duration of the Term. If requested by the Licensor, the Licensee will provide acceptable proof of currency.
- 10.7. The Licensee warrants that it has not relied upon any representation made by the Licensor other than as set out in this Agreement.

11. PATENT INFRINGEMENT

- 11.1. During the Term, the Licensee undertakes to promptly advise the Licensor of any legal proceeding, threat of legal proceeding or claim which may involve the Patent including any allegation of infringement.

- 11.2. The Licensor appoints the Licensee as its agent during the Term for the purpose of initiating in the name of the Licensor but for the benefit and at the expense of the Licensee any claim or action the Licensor might have arising from:
- (a) an actual or apparent infringement of the Patent;
 - (b) any unauthorised use of the Trade Secrets and/or Enhancements, within the Territory.
- 11.3. In the event of a matter arising as contemplated in Clause 11.1 or Clause 11.2, if requested by the Licensor:
- (a) the Licensee undertakes to keep the Licensor fully informed of the progress of any proceeding or claim;
 - (b) the Licensee will provide the Licensor with copies of any and all documents and materials including legal advice relating to such proceeding or claim;
 - (c) the Licensee must take into account and adhere to the views of the Licensor.

12. LIMITATION OF LIABILITY

- 12.1. To the fullest extent permitted by law, the Licensor expressly disclaims all implied warranties and conditions including without limitation implied warranties as to merchantability and fitness for purpose of the Patent.
- 12.2. To the extent that any liability of the Licensor under the *Trade Practices Act 1974* (Cth) cannot be excluded, the Licensor's liability is limited to replacing the Patent.
- 12.3. To the fullest extent permitted by law, the Licensor excludes all liability for indirect or consequential loss including loss of revenue, loss of profits, failure to realise expected profits or savings and any other commercial or economic loss of any kind arising from this Agreement.

13. INDEMNITY

- 13.1. The Licensor indemnifies and holds harmless the Licensee from and against any loss, liability, cost or expense that the Licensee suffers directly or indirectly because of an Intellectual Property Rights claim in the Patent.
- 13.2. The Licensee indemnifies and holds harmless the Licensor and promises to keep the Licensor indemnified against any loss, claim, action, settlement, award, judgment, expense or damage of whatsoever kind or nature and howsoever arising that the Licensor might suffer as a result of any use of the Patent including any unauthorised exploitation of the Patent by the Licensee.

14. TERMINATION

- 14.1. Either party may terminate this Agreement immediately by Notice if:

Initial: _____

- (a) the other party breaches a term of this Agreement and fails to remedy such breach within four (4) business days of being notified of such breach;
 - (b) the other party becomes subject to external administration or being a natural person becomes bankrupt or dies;
 - (c) the Licensee (if a partnership) dissolves or enters a process of dissolution or (if a corporation) undergoes a Change of Control event; or
 - (d) the Licensee ceases or notifies of its intention to cease trading as a business.
- 14.2. If Notice is given under Clause 14.1, the Licensee will immediately cease exploiting the Patent and will promptly deliver all technical manuals, advertising materials and brochures relating to the Patent, any Trade Secret, Licensor's Enhancement and the Product to the Licensor.
- 14.3. Either party may serve six (6) weeks Notice of termination on the other party without in any way affecting rights accrued under this Agreement.
- 14.4. Following termination, the parties agree that the provisions in Clause 12 (Limitation of Liability) will continue to be binding.
- 14.5. Following termination, the Licensee must not manufacture goods which compete with the Product for five (5) months years from the date of termination of this Agreement.

15. NOTICES

- 15.1. Any Notice given pursuant to this Agreement must be signed by an officer of the sender, addressed to the recipient at the address, facsimile number or email address set out in Part F of the Schedule or as a party may from time to time notify in writing to the other.
- 15.2. A Notice will be deemed given on the same day if hand delivered with authorised receipt; if posted, then three (3) business days after date of posting; if faxed, upon successful transmission record; and if by email, by return email to the sender informing receipt of the email.

16. DISPUTE RESOLUTION

- 16.1. In the event of a dispute arising between the parties in respect of any right or obligation under this Licence, each party covenants with the other in good faith to take all steps necessary to attempt to resolve the dispute.
- 16.2. In the event that the parties are unable between themselves to resolve a dispute within a reasonable period having regard to the nature of the Licence and the dispute, then either party may apply to their local State/Territory Alternative Dispute Resolution centre for resolution of the dispute.

17. GENERAL PROVISIONS

- 17.1. **(Law and Jurisdiction)** This Agreement shall be governed by and construed in accordance with the laws of New South Wales and any claim made by one party against the other in any way arising out of this Agreement will be heard in New South Wales and the parties submit to the jurisdiction of those Courts.
- 17.2. **(Relationship)** Nothing in this Agreement will constitute or be deemed to constitute a partnership, joint venture or agency between the parties.
- 17.3. **(Entire Agreement)** The terms of this Agreement constitute the entire terms of this Agreement and all understandings, prior representations, arrangements or commitments that are not contained in this Agreement have no effect whatsoever and do not bind the parties.
- 17.4. **(Invalidity)** If any provision of this Agreement is invalid under any law the provision will be limited, narrowed, construed or altered as necessary to render it valid, but only to the extent necessary to achieve such validity. If necessary the invalid provision will be deleted from the Agreement and the remaining provisions will remain in full force and effect.
- 17.5. **(Waiver)** No waiver of any right or remedy will be effective unless in writing and shall not operate as a waiver of that right or remedy or any other right or remedy on a future occasion.
- 17.6. **(Implied Terms)** Any implied term under law that can be excluded is expressly excluded and no term is to be implied as being a term of this Agreement unless by law it cannot be excluded.
- 17.7. **(Counterparts)** This Agreement may be executed in counterparts, each of which will be deemed to be an original and all of which together will constitute one instrument and Agreement provided that those counterparts have been exchanged.
- 17.8. **(Advice)** Each party acknowledges and represents to each other that it has had the opportunity to seek and obtain separate and independent legal advice before entering into this Agreement. If either party has entered this Agreement without first taking legal advice it has done so at its sole and absolute discretion and it will not be entitled to rely upon the absence of legal advice as a defence to any breach of any of the provisions of this Agreement.

18. ADDITIONAL PROVISION/S

19. There are no Additional Provisions.

20. To the extent there is any inconsistency between a provision elsewhere in this Agreement and an Additional Provision, to the extent only of that inconsistency the Additional Provision will apply.

21. INTERPRETATION

21.1. Definitions

“**Agreement**” means this licence agreement including the Schedule and any amendments in writing signed by both parties.

“**Best Endeavours**” means Licensee will use its Best Endeavours to commercialise the Patent, Trade Secrets and Enhancements and to develop and market the Product.

“**Change of Control**” means, in relation to a corporation, a change in control of the board of directors, a change of control of more than half the voting rights attaching to shares in the corporation, or a change of control of more than half the issued shares to which voting rights are attached.

“**Commencement Date**” means the date specified in Part B of the Schedule.

“**Confidential Information**” means all information in whatsoever form that is:

- (a) marked or identified as “Confidential”, “Secret”, “Not to be Disclosed” or “Private”;
- (b) is designated, described or referred to by the discloser in any document or correspondence as confidential, secret or private or not to be disclosed;
- (c) the receiving party knows or ought to know is confidential;

but does not include any information which prior to the date of this Agreement was lawfully in the public domain or which the discloser has published, circulated or announced publicly or was developed by the receiving party independently of the disclosing party.

“**Enhancements**” means all technical information, patentable inventions, know-how and trade secrets developed or acquired during the currency of this Agreement relating to the manufacture and/or sale of the Product.

“**Intellectual Property Rights**” means all rights in copyright, circuit layout, designs, trade marks, patents and all other rights in intellectual property as defined in Article 2 of the World Intellectual Property Organisation (WIPO) Convention whether registrable, registered, patentable or not.

“**Licence**” means the licence granted by the Licensor to the Licensee in Clause 1.

“**Net Sales Price**” means the commercial net selling price of the Licensee’s gross invoiced sales of the Product less any discount, packaging costs, transportation costs, insurance and taxes.

“**Notice**” means a notice in writing in English including those sent by facsimile, letter and email to the party’s address for notices set out in Part F of the Schedule.

“**Patent**” means the patent specified in Part A of the Schedule.

“**Product**” means the Payment of One Dollar.

“**Purpose**” means the purpose set out in Part C of the Schedule.

“**Tax Invoice**” means an invoice that is GST compliant.

“**Territory**” means the State/Territory or States/Territories set out in Part D of the Schedule.

“**Trade Secrets**” means all secret processes, know-how, formulae and technical information relating to the Patent and to production of the Product.

SAMPLE ONLY
YOUR DOCUMENT WILL VARY DEPENDING ON THE ANSWERS YOU
PROVIDE THROUGH THE BUILDING PROCESS

SCHEDULE

PART A – PATENT

Payment of One Dollar

PART B – COMMENCEMENT DATE

1 January 2010

PART C – PURPOSE

The licence is granted to enable the licensee to exploit the Patent, Trade Secrets, develop Enhancements and market the Product

PART D – TERRITORY

World-wide

PART E – ROYALTY (Clause 3)

U.S Patent No. 74587465 granted on 3 September 2009 and expiring on 6 October 2021

The Calculated Royalty payments include Goods and Services Tax of 10%.

PART F – NOTICES (Clause 15)

Company Pty Ltd (**the Licensor**)

of: _____

Attention: _____

Facsimile N^o: _____

Email: _____

Other Company Pty Ltd (**the Licensee**)

of: _____

Attention: _____

Facsimile N^o: _____

Email: _____

PART G – MINIMUM QUANTITY REQUIREMENT (Clause 4)

5,000 units per month

Initial: _____

EXECUTED as an Agreement by the parties on the day and year first mentioned.

SIGNED BY)
Company Pty Ltd)
ACN 111 222 333 pursuant to)
Section 127 of the *Corporations Act* 2001)
(Cth) in the presence of:)

Director

Print Name:

Signature of Witness

Print Name:

Director/Secretary

Print Name:

SIGNED BY)
Other Company Pty Ltd)
ACN 333 222 111)
pursuant to)
Section 127 of the *Corporations Act* 2001)
(Cth) in the presence of:)

Director

Print Name:

Signature of Witness

Print Name:

Director/Secretary

Print Name:

